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HEALTH SERVICE BOARD

February 11, 1975

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HEALTH SERVICE BOARD

March 11, 1975

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - MARCH 11, 1975 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Harry Paretchan presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Lucibello, Frank — Paretchan, Harry
McDonagh, Daniel A. — Toomey, Thomas A.

ABSENT: Bernstein, Abraham, M.D. - excused
Hassing, Robert - excused
von Beroldingen, Dorothy

4. Motion by Commissioner McDonagh, seconded by Commissioner Toomey that the Minutes of the Regular Meeting of February 11, 1975 be approved as submitted.

There being no objections it was SO ORDERED.

5. ACTUARIAL REPORT. Mr. Juan B. Rael, Jr., Actuary, submitted his general report with statistical survey on the experience of Plan I Basic and Major Medical benefits and Blue Cross benefits, attached for the period July through February, 1975.

Mr. Rael's comments on Plan I Basic Benefits were that he felt February was an excellent month because there were only 18 working days last month and there were not as many claims submitted. There was a decline in the loss ratio from 92% for the month January to 88% in February. Mr. Rael noted that this is the lowest it has ever been this late in the fiscal year and probably one of the lowest ratio's during his tenure as Actuary for this System. Major Medical also had a favorable month. The loss ratio had dropped from 108% in January to 106% for the month of February. It is still much higher than that of the Basic Benefits but the outlook is good.

Blue Cross' loss ratio for the month of February was at an even 100%. Mr. Kearney directed a question to Mr. Robert Bjorkquist, Executive Director of the San Francisco Medical Society as to how he sees things functioning between Blue Cross and the Society. Mr. Bjorkquist stated that he feels that both groups are working well together and he has no complaints.

6. APPEALS COMMITTEE. There was one appeal from Lawrence H. Foster, M.D. regarding the Health Service Board's position in differentiating between cosmetic and non-cosmetic surgery which will be heard at a later date due to the fact that the Committee would like to discuss the case further.

7. RATE COMMITTEE. Acting Chairman McDonagh reported on the following committee recommendations to the Board:

a. Voluntary Membership - There are approximately 21 voluntary members in

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the System who are being subsidized by the System at the present time. Recommendation is that effective July 1, 1975, they will no longer enjoy this subsidy and will be required to pay the full contract rate. The Executive Director was instructed to so inform the members so enrolled.

b. Regarding those members enrolled in Part 'B' of Medicare only, the following rule change was moved, seconded and passed.
"Effective March 11, 1975, those members who attain age 65 and who thereby qualify for eligibility in Part 'B' (MEDICAL) of Medicare but who are not eligible for Part 'A' (HOSPITAL) will be entitled to hospital benefits of the basic plan offered by the Health Service System."

c. Mandatory enrollment in both parts of Medicare for members becoming eligible. This relates to those who reach age 65 and become eligible for Part 'A' (HOSPITAL) which is free and Part 'B' (MEDICAL) for which they pay $6.70 per month. We have recommended and allowed some of these people to remain in the Basic Benefits of Plan I which throws a undue burden on the taxpayers. Recommendation is that the rules be changed as follows:
"Effective March 11, 1975, all members who attain age 65 and who thereby become eligible for enrollment in Part 'A' (HOSPITAL) and Part 'B' (MEDICAL) of Medicare will no longer qualify for basic benefit coverage in the Health Service System."

Additionally, effective March 11, 1975 all members who qualify for early Social Security, i.e. Disability Retirees and thereby become eligible for early Medicare Part 'A' and Part 'B' shall notify the Health Service System immediately and will be required to enroll in both parts of Medicare.

d. Mr. McDonagh referred the discussion on the request for Membership in the Health Service System by Temporary employees to Mr. Kearney - this item is covered under OLD BUSINESS.

OLD BUSINESS.

a. Request of Temporary employees, federally subsidized for Membership in the Health Service System. Mr. Kearney reported that he and Mr. Misegades had met with Mr. Robert Won, Coordinator of Public Service Employees relative to this request. They had informed Mr. Won of what in their opinion, were three possible approaches in arriving at a solution to the problem---

1) Direct the amount of money the Agency intended to put aside for employees medical care to Medi-Cal and allow this program to deliver the medical services.

2) Direct the monies to San Francisco General Hospital and also include the clinical services available at that installation.

3) Arrange a meeting with Group Representatives from Kaiser Foundation and Blue Cross of California, namely Alan Abel and Larry Lavine who had previously indicated that they could tailor a medical plan consistent with the amount to be expended by the Agency.

Mr. Won was happy with our suggestions. He stated that he would take the information back to his people for discussion. Mr. Kearney informed him that the Health Service System was available for any further information or help he might need.

Mr. Paretchan instructed Mr. Kearney to prepare a letter in answer to the original letter directed to the Health Service Board from the Mayor's Office indicating that Kaiser and Blue Cross are available to deliver medical care but that the Health Service System as presently constituted does not have the delivery capability.

b. Mr. Kearney reported that on March 6, 1975 the rates for the new fiscal year 1975-1976 received a 'Do Pass' from the L & P Committee of the Board of Supervisors, that the matter would be heard by the full Board for the first reading on March 10, 1975; after the second reading, we will proceed with the printing of our Comparison Sheet.

9. EXECUTIVE DIRECTOR'S REPORT. Mr. Kearney reported the following:

That the department was functioning very well and that there were less than 500 unprocessed claims on hand as of Friday, March 7, 1975.

0. There being no further business, motion was made by Commissioner Toomey, seconded by Commissioner McDonagh, that the meeting adjourn at 4:45 P.M.

Respectfully submitted,

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR MARCH 11, 1975

MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Benefit for July through February 1975

	Contributions	Claims	Claim Ratio
Active Employees	$ 1,149,416	$1,016,622	88%
Retired & Resigned	367,774	311,783	85
Adult Dependents	674,215	707,204	105
Minor Dependents	288,949	255,524	88
TOTAL	$ 2,480,354	$2,291,133	92%

(2) Experience under Part I - Major Medical for July through February 1975

	Premium	Claims	Claim Ratio
Active Employees & Dependents	$ 497,783	$ 548,337	110%
Retired & Resigned (No Medicare)	120,990	154,788	128
Retired & Resigned (Medicare)	242,368	206,781	85
TOTAL	$ 861,141	$ 909,906	106%

(3) Experience under Blue Cross - Plan III

	Premium	Claims	Claim Ratio
July - December 1974	$1,329,043	$1,083,744	82%
January 1975	294,097	191,942	65
February	223,524	223,678	100
TOTAL	$1,846,664	$1,499,364	81%

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RAEL & LETSON
Consulting Actuaries

HEALTH SERVICE BOARD

April 8, 1975

The Agenda of this meeting is missing.

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

Minutes TUESDAY - APRIL 8, 1975 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Harry Paretchan presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D. Paretchan, Harry
Lucibello, Frank Hassing, Robert

ABSENT: McDonagh, Daniel A. - excused
Toomey, Thomas A. - excused
von Beroldingen, Dorothy

4. Motion by Commissioner Lucibello seconded by Commissioner Bernstein that the Minutes of the Regular Meeting of March 11, 1975 be approved as submitted.

There being no objections it was SO ORDERED.

5. ACTUARIAL REPORT. Mr. Juan B. Rael, Actuary, called prior to the meeting stating that Mr. Clark of his office would present the report. Mr. Clark was also unable to attend and the report was forwarded by messenger, a copy is attached.

President Paretchan reviewed the monthly and year to date figures and asked for comments. Mr. Shetley of Phoenix Mutual, Mr. Lavine of Blue Cross and Mr. Kearney commented on various phases and reasons for gradual change in percentages. It was noted that the percentage indicated for Major Medical experience year to date was entered in error. Mr. John Misegades, Administrative Assistant of the Health Service was directed to contact Rael & Letson and secure a corrected copy; said corrected copy to be incorporated and considered as an official part of theseminutes.

6. APPEALS COMMITTEE. President Paretchan reported that no appeals were heard by the committee.

7. RATE COMMITTEE. Mr. Kearney reported that the rate structure for the new fiscal year had been forwarded to the Controller, that EDP had copies and preliminary work was already in process for implementing the new payroll deduction schedules.

8. OLD BUSINESS. Mr. Kearney reported that a memorandum had been forwarded to the Retirement System for distribution to all members contemplating retirement explaining the Rule Changes effective March 11, 1975, relative to Medicare. Said memo is incorporated and made an official part of these minutes.

9. NEW BUSINESS.

The proposed Dental Plan was again discussed. Mr. Kearney reported that Mr. George Baglin, Deputy City Attorney had informed the System that in spite of its inclusion in the new Salary Standardization Ordinance (which is not an appropriating Ordinance) the Dental Plan would have to be tried separately.

It was further learned that the Supreme Court in addition to rendering a decision in the Bangs case, had judged the Dental Plan to be invalid. It appears at this time that the matter might have to be decided by the electorate.

10. EXECUTIVE DIRECTOR'S REPORT. Mr. Kearney reported the following:

a. That the office was running smoothly and claims are current. Only 499 claims including basic benefits and Major Medical were on hand unprocessed as of April 4, 1975.

b. That Mr. Fred Hicks, Claims Supervisor would be retiring on April 30, 1975 after some 15 years service with the Health Service System. There will be a luncheon honoring Mr. Hicks on April 21, 1975; particulars of which may be had at the Health Service Office.

11. There being no further business, motion was made by Commissioner Hassing, seconded by Commissioner Bernstein, that the meeting adjourn at 4:30 P.M.

Respectfully submitted,

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR APRIL 8, 1975

MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Benefit for July through March 1975

	Contributions	Claims	Claim Ratio
Active Employees	$ 1,471,558	$1,234,677	84%
Retired & Resigned	475,448	405,419	85
Adult Dependents	857,183	891,474	104
Minor Dependents	367,364	322,532	88
TOTAL	$ 3,171,553	$2,854,102	90%

(2) Experience under Part I - Major Medical for July through March 1975

	Premium	Claims	Claim Ratio
Active Employees & Dependents	$ 558,381	$ 636,017	114%
Retired & Resigned (No Medicare)	136,507	192,304	141
Retired & Resigned (Medicare)	275,728	239,603	87
TOTAL	$ 970,616	$1,067,924	110%

(3) Experience under Blue Cross - Plan III

	Premium	Claims	Claim Ratio
July - December 1974	$ 1,329,043	$1,083,744	82%
January 1975	294,097	191,942	65
February	223,524	223,678	100
March	224,080	242,057	108
TOTAL	$2,070,744	$1,741,421	84%

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - MAY 13, 1975 - 4:00 P.M.

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A G E N D A

1. Call to Order

2. Pledge of Allegiance

3. Roll Call: Bernstein, Abraham, M.D. — McDonagh, Daniel A.
Hassing, Robert — Paretchan, Harry
Lucibello, Frank — Toomey, Thomas A.
von Beroldingen, Dorothy

4. Minutes of Regular Meeting, April 8, 1975, submitted for approval

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman Harry Paretchan

No appeals requested as of date of publication. Appeals will, however, be heard if received subsequent to publication of this Agenda.

7. Rules Committee - Chairman Thomas A. Toomey

   a. Report from Phoenix Mutual on final rough draft of new Rules and Regulations.

   b. Discussion of Crafts and Trades rates in Health Service System where husband and wife are employees.

8. Old Business - Report on effect of Rule changes effective 3-11-75 as pertains to Medicare.

9. New Business.

   a. Discussion of the Dental Plan as to its present status. Request for Hearing made by Representatives of CSA Local 400. How the proposed Dental Plan has been affected by Salary Standardization Ordinance 1975-1976.

   b. Request from Retired Employees for an explanation and clarification of terms: (1) Convalescent Home Care. (2) Extended Care Facility.

10. Executive Director's Report.

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'C'

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5/13/75 Addenda

HEALTH SERVICE SYSTEM

CITY AND COUNTY OF SAN FRANCISCO

TELEPHONES
Administration 558-3701
Claims 558-4761
Membership 558-4322

450 McALLISTER STREET
SAN FRANCISCO, CALIFORNIA 94102

PHILIP J. KEARNEY
Executive Director

May 13, 1975

MEMORANDUM

TO: MEMBERS, HEALTH SERVICE BOARD

FROM: PHILIP J. KEARNEY, EXECUTIVE DIRECTOR

SUBJECT: ITEM 9 (b) NEW BUSINESS - AGENDA, MAY 13, 1975

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DEFINITIONS:

CONVALESCENT HOME CARE:

(1) Care in the home after hospitalization.

(2) Care in the home for illness when not hospitalized.

This care is covered by our Major Medical Policy for registered nurses, registered physical therapists, rental of durable home equipment.

Basic Benefits cover services of an M.D.

CONVALESCENT HOSPITAL CARE: Provided in a designated Extended Care Facility.

When the patient has regained sufficiently not to require acute care, he/she is moved into the convalescent section of the hospital - or to an outside Convalescent Hospital (Extended Care Facility) and receives Skilled Nursing Care.

(1) Not covered under Basic Benefits.

(2) This type service 'is' covered by our Major Medical Policy for members under 65 years of age for 120 days each fiscal year.

(3) Persons over age 65 are covered by Major Medical on a co-insurance basis (usually Medicare Supplement).

EXTENDED CARE FACILITY: Any facility so designated by Medicare.

NURSING HOME: A rest home where minimal care is required (custodial). Not covered by either Basic Benefits or Major Medical.

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - MAY 13, 1975 - 4:00 P.M.

Minutes

DOCUMENTS
JUN 17 1975
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1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Harry Paretchan presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT:	Bernstein, Abraham, M.D.	Lucibello, Frank
	Hassing, Robert	Paretchan, Harry
	McDonagh, Daniel A.	Toomey, Thomas A.
ABSENT:	von Beroldingen, Dorothy	

4. Motion by Commissioner Hassing, seconded by Commissioner Toomey, that the Minutes of the Regular Meeting of April 8, 1975 be approved as submitted.

There being no objections, it was SO ORDERED.

5. ACTUARIAL REPORT: Mr. Mike Clark was not yet present, the report was delayed.

6. APPEALS COMMITTEE. President Paretchan, Chairman, reported that no appeals were heard by the Committee.

7. RULES COMMITTEE. Commissioner Toomey, Chairman, referred the two items to be reported on to Phoenix Mutual and to the staff.

   a. Mr. Jim Shetley of Phoenix, reported that the final rough draft of the Rules and Regularions should be received in the San Francisco office by May 16, 1975.

   b. Mr. Kearney called the Board's attention to a situation that could possibly cause some problems later as a result of so many miscellaneous employees being transferred into the Crafts and Trades. He cited a case of a fireman retired from disability having a wife working as an RN for the City and County of San Francisco and 3 dependents on his plan. In this situation through negotiated Union contract, his wife, the RN now a member of the Crafts and Trades will be paid $93.00 per month for medical care for herself and children, and the husband will be subsidized by the City in the amount of $45.91 per month. When these figures are computed on an annual basis, the cost for the medical care for this one family exceeds $1,500 per year. Mr. Kearney further stated that the System had not been surveyed to determine how many individuals fall into this category.

7. RULES COMMITTEE (Continued)

President Paretchan commented that it was the intent of the City that every City employee have good medical insurance and not certain individuals have more benefits than other. He referred the matter to the Rate Committee for further study.

Motion by Commissioner Toomey, seconded by Commissioner Lucibello, that this matter be referred to the Rate Committee for further study with their recommendation to the full Board at the July meeting.

8. ACTUARIAL REPORT. Mr. Mike Clark, representing Rael & Letson, submitted the general report with statistical survey on the experience of Plan I Basic and Major Medical benefits and Blue Cross benefits for the period July 1974 through April 1975, attached. All plans showed a slightly higher claim ratio for all categories reflecting adverse experience for the month of April.

9. OLD BUSINESS. Mr. Kearney in reporting on the effect of the Rules changes effective March 11, 1975 pertaining to Medicare stated that the majority generally are accepting it well.

10. NEW BUSINESS.

a. President Paretchan called on Mr. Gerry Hipps from CSA Local 400 to speak on the Dental Plan. Mr. Hipps acknowledged the Chair and introduced Mr. Vince Courtney Counsel for the Union and Mr. David A. Rosenfeld, Esq. representing Victor Van Bourg and Associates.

Mr. Rosenfeld proceeded with the discussion. He referred to the Supreme Court's recent adjudication of the Bangs suit and brought out the fact that the Court's decision additionally rendered the dental plan invalid.

His main point was that the Court had stressed the illegality of procedure whereby the dental plan had been included in the Salary Standardization Ordinance; that Charter Section 8.423 has placed the authority to establish a dental plan on the Health Service Board and that the Board of Supervisors in passing on the plan had usurped this authority.

Mr. Rosenfeld requested that the Health Service Board draw up a formal resolution approving the adoption of a Dental Plan for Fiscal Year 1975-1976. He further stated that approval by the Health Service Board and a two thirds majority vote by the Board of Supervisors to appropriate the necessary funds would gain a favorable decision from the Court when the case was again presented.

Various points were discussed relative to implementation and legal aspects.

President Paretchan stated that to the best of his knowledge the Board had accomplished their part and had cooperated with the Union on every request. He stated that the Board had requested Local 400 to draw up the necessary documentation and present it for approval.

10. NEW BUSINESS (Continued)

Mr. Hipps answered that said request had been made after the strike settlement but prior to the Bangs suit which meant that the Bangs case would determine procedurally what was to be done.

Commissioner Toomey questioned the legality of the requested resolution stating that the Health Service System survey was directed by Charter Amendment and specifically excluded considering dental plans; and that before anymore monies could be appropriated, the matter would have to be returned to the electorate for solution.

Mr. Rosenfeld contended that nothing in the Charter prohibits the Health Service Board from asking for more money; the illegality argued in the courts only involved the Health Service System not having approved the plan; and that while the Charter excludes dental and vision plans, it does not prohibit the adoption of a dental plan.

Commissioner Toomey explained that if a dental plan were to be included, it would have to be paid for from the amount of money now being contributed toward employees' medical care.

President Paretchan, as a result of the broad scope encompassed by the discussion, called a Special Meeting of the Health Service Board for Thursday, May 29, 1975, for this single item.

b. The request from the Retired Employees for an explanation and clarification of the terms, Convalescent Home Care and Extended Care Facility, was explained by Mr. Kearney who referred the Board members to the memorandum given them which is attached and made an official part of the Minutes.

Mr. William T. Reed requested that the retired and resigned employees be considered when reviewing the rates and benefits at a future date; that is, to include convalescent and extended care benefits for that group even though there would be a rate increase.

President Paretchan referred the matter to the Rate Committee to report back to the full Board at the July meeting.

11. EXECUTIVE DIRECTOR'S REPORT: Mr. Kearney reported on the following:

a. That the System is functioning well; claims processing has progressed smoothly in spite of Mr. Hick's absence.

b. As of C.O.B. May 12, 1975, the summary of Sign-up changes are as follows:

	Employees
Plan I	+ 60
Kaiser	+ 108
Blue Cross	- 83
Exempt	- 85

11. EXECUTIVE DIRECTOR'S REPORT (Continued)

Total number of changes - 535. Daily average 67 (this includes employees who added or deleted dependents, but didn't change plans).

This compares with May of 1974 for the same number of days. 1974 total changes - 615. Daily average 77.

To President Paretchan's question as to whether the Physician's crisis (malpractice insurance) is going to affect Major Medical, Mr. Shetley answered that he did not know at the present time but that the future experience would reveal it.

12. There being no further business, motion was made by Commissioner Toomey, seconded by Commissioner Bernstein, that the meeting adjourn at 4:05 P.M.

Respectfully submitted,

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR MAY 13, 1975

MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Benefit for July through April 1975

	Contributions	Claims	Claim Ratio
Active Employees	$ 1,634,907	$1,434,646	88%
Retired & Resigned	531,361	466,364	88
Adult Dependents	950,885	1,016,638	107
Minor Dependents	407,522	377,818	93
TOTAL	$ 3,524,675	$3,295,466	93%

(2) Experience under Part I - Major Medical for July through April 1975

	Premium	Claims	Claim Ratio
Active Employees & Dependents	$ 619,380	$ 715,221	115%
Retired & Resigned (No Medicare)	152,436	222,127	146
Retired & Resigned (Medicare)	306,950	276,762	90
TOTAL	$ 1,078,766	$1,214,110	113%

(3) Experience under Blue Cross - Plan III

	Premium	Claims	Claim Ratio
July - December 1974	$ 1,329,043	$1,083,744	82%
January 1975	294,097	191,942	65
February	223,524	223,678	100
March	224,080	242,057	108
April	224,211	235,403	105
TOTAL	$ 2,294,955	$1,976,824	86%

R A E L & L E T S O N

Consulting Actuaries

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5/12/75

HEALTH SERVICE SYSTEM
OF THE CITY AND COUNTY OF SAN FRANCISCO

SPECIAL MEETING OF THE HEALTH SERVICE BOARD
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - MAY 29, 1975 - 3:00 P.M.

A G E N D A

1. Call to Order

2. Pledge of Allegiance

3. Roll Call: Bernstein, Abraham, M.D.
Hassing, Robert
Lucibello, Frank
McDonagh, Daniel A.
Paretchan, Harry
Toomey, Thomas A.
von Beroldingen, Dorothy

4. Discussion of the Proposed Dental Plan for Miscelaneous Employees.

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. "C"

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HEALTH SERVICE SYSTEM
SPECIAL MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

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THURSDAY - MAY 29, 1975 - 3:00 P.M.

Minutes

1. The Special Meeting of the Health Service Board was called to order at 3:00 P.M. with President Harry Paretchan presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Hassing, Robert — Paretchan, Harry
Lucibello, Frank — Toomey, Thomas A.

4. President Paretchan opened the meeting stating that this special meeting was called as a result of the proposed dental plan resolution not having been resolved at the regular meeting of May 13, 1975.

He commented on the article written by staff members of Local 400 appearing in the Municipal Review in the May 21, 1975 issue. He stated specifically that he and the Board were offended not so much by the article but by the headline, "Health Service Board Hold Dental Plan in Limbo," and commented that he felt that this move was "cheap politics."

President Paretchan then outlined in chronological order the events that had transpired since the Annual Public Hearing meeting of January 1975 and showed conclusively that the Health Service Board had cooperated fully with every effort of the Union in attempting to implement a dental plan.

Mr. Bill Bradley of Local 400, in the absence of Mr. Hipps who was to appear later, stated that while he was not familiar with the events that had transpired, he was under the impression that a 2/3 majority vote was necessary from the Health Service Board before a dental plan could be implemented; he felt that because that vote had not been taken the "headline" appeared in the Muni Review.

President Paretchan stated that he did not recall Local 400 coming before the Board and requesting a 2/3 vote from the Board in order to negotiate before the Board of Supervisors; the first time that any mention of this was made was at the meeting of May 13, 1975; all that they were interested in previously was an endorsement, and that the Board was unanimously in favor of the endorsement but until funds were received, a dental plan could not be implemented. He further stated that much of the EDP work had been done and that all preliminary work with the exception of mailing the specifications to interested carriers and securing the necessary office space to administer the proposed plan had been accomplished even to the submission of a special budget for a dental plan.

President Paretchan asked Mr. Courtney, legal counsel for the Union, whether the resolution was requesting money or the dental plan itself; also, how can a plan be offered without knowing the cost and benefits of the plan.

Mr. Courtney answered that according to the Supreme Court's ruling on the Bangs Case, that he thought that the Health Service Board and the Board of Supervisors could implement a dental plan without a Charter amendment; however, in order to present a dental plan to the Board of Supervisors, the specifics should be determined; also that they wanted a Dental Care Fund separate from the Health Care Fund.

Commissioner Toomey asked Mr. Courtney if the Union was requesting the Board to prepare a resolution indicating that the Board was in favor of a dental plan or specifically for the money to implement a plan. He further informed Mr. Courtney that the Health Service Board had heard many presentations on dental plans and had voted not to include a dental plan in the benefit structure long before they Union began negotiations during the employees' strike in March of 1974.

Commissioner Toomey further stated that it would be a relatively simple matter to implement a dental plan if we had the money and further that we could have a program off the ground in two months. He further stated that the only problem facing the Board is the money. Commissioner Toomey continued by informing the Union representatives that all the monies contributed by the City and County of San Francisco for medical care were being used for medical care and that to use part of these monies for a dental plan would result only in a weakening of the benefits now being provided. The primary objective is in securing the additional funds.

Mr. Courtney then read a Union prepared resolution which clearly stated that the Dental Care Fund should be separate and distinct from the Medical Fund.

Mr. Rosenfeld stated that he sent a letter to the Health Service Board with attachments regarding the Bangs Case. He wanted to know the difference of legal opinions between Local 400 and the Health Service Board on the interpretation of the Bangs Case. All that Local 400 is requesting at this time is a resolution to the Board of Supervisors so that the Supervisors would appropriate the money; if the Controller would not release the monies, the case would then be taken to court and the Supreme Court would judge its legality. In other words, start the ball rolling with a resolution.

Commissioner Toomey interjected that one of the problems is that the number of people to be covered has not been determined.

Mr. Rael, the System's Actuary, added we would have to know how many people would be covered to know the cost per individual over a year's period, plus the administrative cost. He also stated that the resolution as drawn up sounds as though the dental plan was going to be contracted out and that the Health Service System would not be involved other than its controlling membership.

Mr. Philip Kearney, Executive Director, explained in detail how the dental plan proceeded through negotiations between the Union and the Board of Supervisors during

the strike. He stated that not at any time could the number to be covered be tied down as certain Union leaders were negotiating their memberships in and out of the Crafts and Trades.

Mr. Kearney continued to explain that the administrative costs would have to come from the $500,000 agreed to by both parties. Administrative costs have been calculated in the vicinity of $65,000 for the first year. A dental plan absolutely cannot be tailored for a group until we know the number to be covered and the amount of money available.

Commissioner Lucibello asked: "Can we determine how many are to be covered? If we have only $7.00 per individual and the plan runs more, where is the money coming from if it runs over and above the $500,000?"

Mr. Rosenfeld suggested that after money is obtained and the number of employees covered is known, should the cost for a good plan be greater than the funds, that the employee participate by paying the difference.

Mr. Hipps interjected that the Health Service Board's discussion regarding dental plans was premature and that the resolution is what is now needed to get the funds appropriated.

Commissioner Toomey presented and read a resolution that he had written.

Mr. Kearney brought out that a supplemental budget request had been filed with the Controller and this should be sufficient to state that the Board wanted a dental plan.

Mr. Rosenfeld felt that this was not enough but that a resolution to the Board of Supervisors was needed; also that they wanted the funds set up separate from the medical funds.

Mr. Kearney stated that the language in the Ordinance is such that the Dental Fund has to be carried separately.

Discussion was held as to what was keeping the dental plan from being implemented.

Mr. Kearney brought out the fact that Commissioner Toomey of the Health Service Board was the person responsible for writing the document that Mr. Pelosi presented to the Board of Supervisors.

Mr. Courtney commented that this meeting was called especially to settle the matter regarding the dental plan. Since there was only a quorum present, the question was raised as to whether the quorum or a 2/3 vote of the Health Service Board was needed to pass the resolution as the Charter reads that a 2/3 vote of the complete Board is needed to adopt a plan. Since this action of passing a resolution was not officially adopting a plan, Mr. Courtney still felt that to be safe in Court, it would be wise to wait for the 2/3 vote of the Board.

Mr. Kearney raised a question to Local 400 asking if the employees would have to pay a difference, would this be agreeable to the Union and should this be included

in the resolution. This question was not answered.

Mr. Courtney read the attached resolution which is a refinement of Mr. Toomey's resolution and the Union's resolution. This resolution becomes an official part of the Minutes.

Motion was made by Commissioner Toomey to adopt the resolution now and have the matter voted on at the next meeting of June 10, 1975, when hopefully it will receive the required 2/3 vote of the Board. It was seconded by Commissioner Lucibello.

There being no objections, it was SO ORDERED.

Mr. Kearney also brought out since the Charter reads that the retired employee be treated the same as an active employee, that perhaps the resolution should clarify this matter.

Mr. Hipps answered that when they negotiated for this plan they negotiated for the active employees only. The retirees do not pay dues to Local 400 and cannot be included.

President Paretchan raised the question as to what would happen to a person who has a plan this year and retires next year. Local 400 could not answer that question now; that problem would be handled when it arose.

Mr. Kearney stated that there were approximately 6,200 retirees.

Mr. Larry Winston of SEIU, in response to Mr. Kearney's question as to whether companies would negotiate retroactive for a contract, stated that they would and that both Kaiser and Blue Cross negotiated contracts for retroactive dates.

Mr. Larry Lavine confirmed his statement by saying that Blue Cross would go back two months knowing the problems but not for 6 or 8 months.

Mr. Winston proceeded to outline the administrative costs for a dental plan which Mr. Kearney vigorously disagreed with. Mr. Kearney stated that the Health Service System was very well aware of the costs and that the $15,000 - $20,000 yearly administrative cost figure mentioned by Mr. Winston was ridiculous.

President Paretchan read the final resolution as approved by Mr. Toomey and the attorneys, Mr. Courtney and Mr. Rosenfeld.

Motion was made by Commissioner Toomey, seconded by Commissioner Lucibello to adjourn the meeting at 4:25 P.M.

Respectfully submitted,

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - JUNE 10, 1975 - 4:00 P.M.

AGENDA

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — McDonagh, Daniel A.
Hassing, Robert — Paretchan, Harry
Lucibello, Frank — Toomey, Thomas A.
von Beroldingen, Dorothy

4. Minutes of Regular Meeting, May 13, 1975, and Special Meeting, May 29, 1975, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman Harry Paretchan

   a. Calder Williams - HSS 39686 - Reconsideration of terminating Plan I Basic Benefits for a retired employee who moves out of the country permanently.

   b. Frank Kocjan - HSS 11266 - Retired employee requests to add his wife.

7. Rules Committee - Chairman Thomas A. Toomey

   Report from Phoenix Mutual on final rough draft of new Rules and Regulations.

8. Old Business.

   Dental Plan Resolution to Board of Supervisors

9. New Business.

   a. Presentation of a Vision Care Plan by Mr. Fred Estes - Agent for California Vision Services.

   b. Presentation by Mr. James Roosevelt, representing Microvision, Inc.

10. Executive Director's Report.

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'C'

ACTUARIAL REPORT (Continued)

Mr. Kearney was requested to write Mr. Bill Read of the Retired Employees Association explaining the reasons for consolidating the group.

To Commissioner Lucibello's question as to whether the doctor's malpractice insurance crisis in May could have had an effect on the statistical report, Mr. Rael answered that there has been no direct impact but that it might have some future effect.

RULES COMMITTEE. Commissioner Toomey, Chairman, referred to Mr. Kearney who reported that the final rough draft of the Rules and Regulations was received and that it was being reviewed for corrections; that it should be completed by the end of the week and given to the Rules Committee for their review and their report.

OLD BUSINESS. President Paretchan read the following resolution to be voted on by the full Board, that was agreed upon by Counsel for Local 400 and the Health Service Board at the Special Meeting of May 29, 1975:

"WHEREAS, the Health Service Board recognizes an existing need for dental care for city employees, the Board hereby declares that it will select a dental plan through the bid process to be funded by a Dental Care Fund, separate and apart from the Health Service System Fund; and

"WHEREAS, the Board recommends to the Board of Supervisors that they approve this dental care program, and appropriate $500,000 for a dental care fund which shall be the sole source of revenue for a dental care plan for the year from July 1, 1975 through June 30, 1976; and

"WHEREAS, the benefits of this dental care plan shall be provided, in the fiscal year, from July 1, 1975 to June 30, 1976 only for those city employees designated to be the beneficiaries in the 1975-1976 Salary Standardization Ordinance; therefore be it

"RESOLVED, that the Health Service Board will administer a suitable dental plan when the sum of $500,000 is appropriated and placed in a separate Dental Care Fund."

/s/ Harry Paretchan
President, Health Service Board

/s/ Philip J. Kearney
Executive Director

/s/ Thomas A. Toomey, Jr.
Deputy City Attorney

Motion by Commissioner Lucibello, seconded by Commissioner McDonagh that the resolution be adopted as read.

There being no objections, it was SO ORDERED.

10. NEW BUSINESS.

a. Mr. Fred Estes presented the Vision Care Plan proposed by the California Vision Service. Brochures were distributed to each Board member. The plan could be offered System wide or only to members of Plan I; 100% participation of all employees is mandatory. A $5.00 deductible was recommended to eliminate participation for those who do not need glasses. A member would be eligible for all services the first year, examination, lenses, and frames; the second year, an examination and change of lenses if necessary; and full service again the third year.

Mr. Bruce W. Cochrane, representative of California Vision Service, elaborated on the benefits and rates, and answered questions regarding the plan. Rates were available for employee only and employee plus family; however, the rate for employee plus one dependent was not included in this proposal. There would be 100% payment for services using their panel doctors and selecting their frames; for members using non-panel doctors, all costs to the member for materials, lenses and frames, would be based upon wholesale cost figures.

Motion by Commissioner Lucibello, seconded by Commissioner Toomey, to refer it to the Rate Committee for further study.

There being no objections, it was SO ORDERED.

b. Mr. John Schuyler, in Mr. James Roosevelt's absence, appeared with Mr. Roger Riddell, for Microvision Inc. in order to bring the Board up to date on the Emergency Life Card. The initial cost for membership and charges for updating the card were discussed. Readers would be provided by the carrier and distributed throughout the city to emergency vehicles and facilities; 24 hour telephone service would be maintained; cards could be printed according to information requirements. Mr. Riddell mentioned their proposed advertising campaign on TV, radio, and the news media. After three years, if the Health Service System did not continue the program, the service would be offered to individuals. The Board felt that the feeling of the employees after the advertising campaign should be determined prior to arriving at a firm decision to implement the card system. To the question as to whether 100% participation was required, Mr. Schuyler answered that this could be worked out.

c. President Paretchan announced that nominations for office of the President of the Health Service Board for fiscal year 1975-1976 were now in order.

Commissioner Toomey nominated President Paretchan and it was seconded by Commissioner Bernstein.

Commissioner McDonagh moved and Commissioner Lucibello seconded a motion that nominations be closed.

President Paretchan announced that he had been elected president of the Health Service Board to serve another term (Fiscal Year 1975-1976).

11. EXECUTIVE DIRECTOR'S REPORT. Mr. Philip J. Kearney reported the following:

a. The Health Service System office petty cash had been burglarized in the amount of $38.53 the past weekend; the matter was reported to the Police Department, to the Controller, and that a Supplemental Request would be submitted when the Police report was received.

b. That a report of the Blue Cross experience from San Francisco Medical Society Health Plan Inc. had not been received for the last month (May 1975). At this point, Mr. Robert Bjorquist submitted the report for the month of June and distributed copies to members of the Board.

c. A letter had been received from the National Leader, Special Agent, Mr. Dwight H. Johnson, requesting information, amounts paid out in claims for our group by both Blue Cross and Kaiser, in order to tailor a dental plan.

President Paretchan requested Mr. Kearney to ask them to inquire directly to Kaiser and Blue Cross for that information.

d. The Grand Jury had submitted their report for Mr. Kearney's review and corrections, which was typed and returned.

e. That the office is running smoothly with 412 claims outstanding.

Mr. Kearney requested the following:

a. Permission from the Board to destroy records back five years. Permission was granted.

b. A resolution for his expenses for the last half of fiscal year 1974-1975, to average about $45.00 per month and not to exceed $50.00.

Motion by Commissioner Toomey, seconded by Commissioner Lucibello, that a resolution be drawn up to cover Mr. Philip J. Kearney's expenses for the last 6 months.

There being no objections, it was SO ORDERED.

12. There being no further business to come before the Board, the meeting was adjourned at 5:18 P.M.

Respectfully submitted,

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR JUNE 10, 1975

MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Benefit for July through May 1975

	Contributions	Claims	Claim Ratio
Active Employees	$ 1,798,283	$ 1,587,399	88%
Retired & Resigned	576,367	506,079	88
Adult Dependents	1,040,659	1,113,737	107
Minor Dependents	445,996	417,798	94
TOTAL	$ 3,861,305	$ 3,625,013	94%

(2) Experience under Part - Major Medical for July through May 1975

	Premium	Claims	Claim Ratio
Active Employees & Dependents	$ 679,102	$ 787,754	116%
Retired & Resigned (No Medicare)	165,257	283,209	171
Retired & Resigned (Medicare)	331,552	312,985	94
TOTAL	$ 1,175,911	$ 1,383,948	118%

(3) Experience under Blue Cross - Plan III

	Premium	Claims	Claim Ratio
July - December 1974	$ 1,329,043	$ 1,083,744	82%
January 1975	294,097	191,942	65
February	223,524	223,678	100
March	224,080	242,057	108
April	224,211	235,403	105
May	221,011	224,384	102
TOTAL	$ 2,515,966	$ 2,201,208	87%

R A E L & L E T S O N

Consulting Actuaries

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

DOCUMENTS
JUL 8 1975
SAN FRANCISCO
PUBLIC LIBRARY

TUESDAY, JULY 8, 1975 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — McDonagh, Daniel A.
Hassing, Robert — Paretchan, Harry
Lucibello, Frank — Toomey, Thomas A.
von Beroldingen, Dorothy

4. Minutes of Regular Meeting, June 10, 1975, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman Harry Paretchan

   No appeals requested as of date of publication. Appeals will be heard however, if received subsequent to publication of this Agenda.

7. Rules Committee - Chairman Thomas A. Toomey

   Corrected Final Rough Draft to be submitted for Board Approval.

8. Old Business

   Discussion of Non-Subsidized Rate being paid by Crafts & Trades.

9. New Business

   a. Resolution to expend monies for updated RVS (Relative Value Studies) and the new Physician's Directory.

   b. Plan to include Extended Care Facilities in benefit structure of Health Service System. Report by Mr. Juan B. Rael, Jr.

   c. Proposed Benefit Increases in Plan I.

   d. Walnut Creek Ambulatory Surgery Center - Report by Douglas Duncan, M.D.

10. Executive Director's Report.

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - JULY 8, 1975 - 4:00 P.M.

Minutes

1. The Regular meeting of the Health Service Board was called to order at 4:00 P.M. with President Harry Paretchan presiding.

DOCUMENTS
AUG 19 1975
SAN FRANCISCO
PUBLIC LIBRARY

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Hassing, Robert — Paretchan, Harry
Lucibello, Frank — Toomey, Thomas A.

ABSENT: Bernstein, Abraham, M.D. - excused
McDonagh, Daniel - excused
von Beroldingen, Dorothy

4. Motion by Commissioner Toomey, seconded by Commissioner Lucibello, that the Minutes of the Regular Meeting of June 10, 1975 be approved as submitted.

There being no objections, it was SO ORDERED.

5. Item 9 (d) listed under New Business was taken out of order as Dr. Douglas Duncan had an important engagement which required his early departure. The essence of Dr. Duncan's report on the Ambulatory Surgery Center was that he was very much impressed with the total operation and that it was his opinion that the Board honor the claims of this facility. A copy of Dr. Duncan's report is attached and is incorporated as an official part of these minutes.

It was moved by Commissioner Toomey and seconded by Commissioner Lucibello that the claim that prompted the investigation of the Surgical Center be paid and that future bills of this facility be considered for payment and acted upon individually as to their merit.

There being no objections, it was SO ORDERED.

President Paretchan commended Dr. Duncan for the splendid work done in the absence of Dr. Fitzgerald and thanked him for his contribution to the Health Service System operation.

At this point President Paretchan returned to the published agenda order.

6. ACTUARIAL REPORT. Mr. Mike Clark representing the actuarial firm, Rael & Letson, submitted the general report with statistical survey attached. He reported that figures for the Basic Benefits had not been received for June and that the report remained unchanged.

[illegible]

[illegible]

[illegible]

6. ACTUARIAL REPORT (Continued)

The Major Medical experience for the fiscal year reflected 112% loss ratio, down from 118% last month.

Blue Cross experience for the fiscal year reflected 85% loss ratio. He felt that the loss ratio was due to the lack of claims being submitted and to having three payroll periods for the month of June.

7. APPEALS COMMITTEE. Chairman Harry Paretchan reported that no appeals had been submitted during the past month.

8. RULES COMMITTEE. Chairman Thomas Toomey reported that the final rough draft of the Rules had been reviewed by his Committee in considerable detail and that they were in order with the exception of two areas which required some clarification as to interpretation by Dr. Fitzgerald and by Phoenix Mutual; that when these items are resolved, Mr. Kearney will contact Board members for their approval. Upon approval the corrected copy of the final rough draft will be directed back to Mr. Jim Shetley of Phoenix Mutual, who in turn will arrange with the Phoenix home office for printing.

The motion to accept the Rules in this manner was made by Commissioner Hassing and seconded by Commissioner Lucibello and unanimously approved.

9. OLD BUSINESS. Mr. Kearney reported that Mr. Avery Carter, representing Local 250 of the Hospital Workers Union, had visited the Health Service System office and had expressed some concern over the fact that Health Service premiums had been deducted from members' payroll warrants prior to the contracted amounts appearing in their pay warrants. It was explained to Mr. Carter that Health Service premiums are payable in advance and that this information should have been communicated to Union members. Mr. Carter and Mr. Scannell from the Airport indicated that they were requesting the Board for an additional open period of approximately two weeks to accommodate Union members who for various reasons had selected the wrong plan. At this writing no request for this open period has been received. President Paretchan instructed Mr. Kearney to work it out with Union representatives.

10. NEW BUSINESS.

a. The Board by resolution authorized the expenditure of monies (not more than $100) for the purchase of the Relative Value Studies (RVS) and the new Physicians' Directory. The updated RVS will become effective 10-1-75.

Motion was made by Commissioner Lucibello and seconded by Commissioner Hassing to expend the monies required.

b. Mr. Mike Clark reported on the Extended Care Facilities request, stating that it is in a suspended state as Mr. Rael was not able to contact the gentlemen involved. Mr. Reed was then recognized by the Chair and spoke at length on the question. President Paretchan after hearing the discussion directed that Mr. Reed work in conjunction with Mr. Kearney and Mr. Rael to develop census data and utilization data in an attempt to arrive at unit cost figures. Progress will be presented at the next regular meeting.

10. NEW BUSINESS (Continued)

Mr. Larry Lavine, Blue Cross Representative, was asked to secure any statistical data available to him for submission to the committee researching the problem.

c. President Paretchan asked Mr. Clark to speak on the proposed benefit changes for Plan I presently being considered by the Board.

Mr. Clark explained the cost of benefit improvements as shown on the attached schedule. He cautioned the Board members to seriously consider the changes explaining that after this temporary reserve is exhausted the benefits cannot be reduced. He felt that the Board should wait a couple of months to see how the experience with present benefits work out. Suggestion was made that one improvement and not the whole package be adopted. Mr. Kearney suggested that instead of improving Basic Benefits, the Major Medical carrier could be approached on the cost for increasing 85% to 90% in their contract with the thought of easing financial stress and simultaneously helping our members.

Mr. Lavine on questioning the action as to whether this was done before and whether this would cause members to transfer to Plan I, was answered that a benefit improvement had been adopted two years before in September and should improvements be adopted, members would have to wait until May.

President Paretchan, as well as the Board, felt it wise to follow Mr. Clark's suggestion, that is, to wait for future experience before adopting any benefit improvements.

d. Commissioner Hassing brought up the subject of the letter received from Mr. Walter Wilson, Executive Vice President of California Vision Service. Mr. Kearney was asked whether more information had been received about safety glasses, to which he stated that to date none had been received. To Mr. Lavine's request whether Blue Cross could submit their proposal on vision care, President Paretchan answered, "Yes."

11. EXECUTIVE DIRECTOR'S REPORT. Mr. Kearney reported the following:

a. That the Health Service System office had been burglarized some time between July 3 and July 7, 1975. This, he added, marks the second time within a month that the office has been ripped off. The police were called and an investigation was made and the Police Department initially determined that it was an inside job. There was no forced entry, locked files were opened and small keys to a strong box were used to open the strong box to remove the money. The keys were returned to the place they were kept, the strong box was replaced, the file was locked and the front door was again relocked. As a result of this second incident, no more cash will be taken over the counter in payment of medical premiums after 3:00 P.M. daily. Until our own safe is purchased, all funds of the Health Service System will be packaged and delivered to the vault of the Treasurer's Office daily before 3:30 P.M. and picked up the following morning prior to 8:30 A.M.

The Board by resolution authorized the expenditure of monies (not more than $700.00) for the purchase of a safe for the Health Service System office.

11. EXECUTIVE DIRECTOR'S REPORT (Continued)

Motion was made by Commissioner Toomey and seconded by Commissioner Lucibello to expend the monies for the safe.

There being no objection, it was SO ORDERED.

Mr. William Cody, the Maintenance Superintendent, was contacted and effective July 21, 1975, there will be no more night janitorial service rendered for the Health Service System. Effective July 21, 1975, all janitorial service will be accomplished during daily hours while the Health Service staff is in the office.

b. That the office was functioning very well and that he would be leaving for a two-week vacation effective July 10, 1975.

12. There being no further business to come before the Board, the meeting was adjourned at 5:03 P.M.

Respectfully submitted,

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

REPORT OF AMBULATORY SURGERY CENTER
WALNUT CREEK, CALIFORNIA

TO: HEALTH SERVICE BOARD, CITY & COUNTY OF SAN FRANCISCO

FROM: DOUGLAS K. DUNCAN, M. D.

SUBJECT: ON SITE INSPECTION OF AMBULATORY SURGERY CENTER, WALNUT CREEK, CALIFORNIA

1. I assume you all are familiar with the concept of Ambulatory Service Center. The concept is that the ambulatory Service Center presents an alternative to the hospital for performance of ambulatory surgery at a decreased cost to the patient and with equivalent safety.

2. A personal inspection of the Ambulatory Surgery Center at Walnut Creek, California, was made in June 1975. At this time, physical facilities, medical and para medical staffing, procedure manual, and By-Laws were carefully reviewed.

3. In my opinion, the facility qualifies in every respect to perform its service.

4. In particular, I was impressed with the foresight and planning to care for the emergency situations which will arise in the performance of ambulatory surgery.

5. I would recommend that the Board of Directors of the Health Service System make provision for payments to the Ambulatory Surgery Center at Walnut Creek.

Sincerely

/s/ Douglas K. Duncan, M.D.

REPORT BY ACTUARY FOR JULY 8, 1975

MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Benefit for July through May 1975

	Contributions	Claims	Claim Ratio
Active Employees	$ 1,798,283	$1,587,399	88%
Retired & Resigned	576,367	506,079	88
Adult Dependents	1,040,659	1,113,737	107
Minor Dependents	445,996	417,798	94
TOTAL	$ 3,861,305	$3,625,013	94%

(2) Experience under Part I - Major Medical for July through June 1975

	Premium	Claims	Claim Ratio
Active Employees & Dependents	$ 761,986	$ 839,256	110%
Retired & Resigned (No Medicare)	184,397	299,911	163
Retired & Resigned (Medicare)	369,010	335,166	91
TOTAL	$ 1,315,393	$1,474,333	112%

(3) Experience under Blue Cross - Plan III

	Premium	Claims	Claim Ratio
July - December 1974	$ 1,329,043	$1,083,744	82%
January 1975	294,097	191,942	65
February	223,524	223,678	100
March	224,080	242,057	108
April	224,211	235,403	105
May	221,011	224,384	102
June	304,184	208,668	68
TOTAL	$ 2,820,150	$2,409,276	85%

RAEL & LETSON
Consulting Actuaries

JBR:ajc
7/8/75

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HEALTH SERVICE SYSTEM

COST OF BENEFIT IMPROVEMENTS

Benefit Change	Active Employee	First Dependent	2nd and Additional Dependents	Retired and Resigned	TOTAL
1. Increase Room & Board by $10 and Hospital extras by $200					
A. Cost per individual per month	$ .71	$ .91	$ .56	$ 1.79	$
B. Annual Cost	70,100	50,900	16,700	28,300	166,000
2. Increase X-Ray and Lab benefit by $50					
A. Cost per individual per month	.66	.67	.50	.90	
B. Annual Cost	65,100	37,500	14,900	14,200	131,700
3. Increase Maternity benefit by $100					
A. Cost per individual per month	.10	.15			
B. Annual Cost	9,900	8,400			18,300

SAN FRANCISCO MEDICAL SOCIETY HEALTH PLAN, INC.

A FOUNDATION FOR MEDICAL CARE

July 2, 1975

Mr. Larry Lavine
Blue Cross of Northern Calif.
350 Sansome Street
San Francisco, Calif. 94104

Re: Claims Activity for June
City & County Employees

Dear Larry:

The following represents the claims activity for the City & County of San Francisco employees enrolled in Blue Cross (Plan III) for June 1975.

As of May 30th, 576 claims were on hand. During the month of May, 2,230 claims were received; 2,716 claims were processed, leaving an ending inventory of 90.

Of the 2,716 claims processed, 40% were from member providers of the Health Plan, 42% from non-members of the Health Plan, and 18% were applied to Deductible or paid as Major Medical.

Also enclosed is a recap of total claims activity for fiscal 1975. I feel that we are starting our second year on firm ground with claims being processed on the day of receipt.

I look forward to our continued involvement with Blue Cross and the Health Service System in 1975.

Sincerely,

Bob

Robert Bjorkquist
Executive Director

RB/pt
Encl.

HEALTH SERVICE SYSTEM

CLAIMS ACTIVITY

7-1-74/6-30-75

	Received	Processed	Inventory	Participating Physicians	Non-Par. Physicians	Applied to Major Medical
7/74	132	124	0*	48	-	-
8/74	1,317	727	590	62	-	-
9/74	1,377	1,467	500	40	49	11
10/74	2,018	2,050	468	39	37	24
11/74	1,821	1,639	650	41	41	18
12/74	2,088	1,206	1,532	40	42	18
1/75	2,090	2,320	1,302	43	39	18
2/75	1,661	2,083	880	37	39	24
3/75	2,472	1,925	1,427	42	41	17
4/75	2,230	2,997	660	39	45	16
5/75	2,880	2,964	576	43	39	18
6/75	2,230	2,716	90	40	42	18
	22,316	22,226	90			

* - include 8 incomplete/returned and processed later

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY, AUGUST 12, 1975 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D.; Hassing, Robert; Lucibello, Frank; McDonagh, Daniel A.; Paretchan, Harry; Toomey, Thomas A.; von Beroldingen, Dorothy

4. Minutes of Regular Meeting, July 8, 1975, submitted for approval

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman Harry Paretchan

   No appeals requested as of date of publication. Appeals will be heard however, if received subsequent to publication of this Agenda.

7. Rules Committee - Chairman Thomas A. Toomey

   Discussion of Maternity Rule change prepared by Dr. Fitzgerald.

8. Old Business

   Discussion on proposed Vision Plan.

9. New Business

   Status of Health Service System Certificated Deposits to include interest earned during fiscal year 1974-1975.

10. Executive Director's Report.

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'C'

SF
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#3
8-12-75

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY, AUGUST 12, 1975 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Harry Paretchan presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D. Paretchan, Harry
Hassing, Robert Toomey, Thomas A.
Lucibello, Frank

ABSENT: McDonagh, Daniel - excused
von Beroldingen, Dorothy

4. Motion by Commissioner Toomey, seconded by Commissioner Lucibello, that the Minutes of the Regular Meeting of July 8, 1975 be approved as submitted.

There being no objections, it was SO ORDERED.

5. ACTUARIAL REPORT. Mr. Juan B. Rael, Actuary, submitted the general report with statistical survey attached. The report covered the experience for the month of July for all three plans. The report submitted by San Francisco Medical Society Health Plan, Inc., on the claims activity for the month of July for Blue Cross members is also attached.

Mr. Rael brought the Board's attention to the exhibit (graph) submitted by Mr. John Misegades, Administrative Assistant, Health Service System. The graph showed the 12-month's experience for Plan I for fiscal year 1974-1975 and he pointed out that from April to the end of the fiscal year the claims had experienced a tremendous down trend.

Mr. Kearney interjected that he had read recently that the medical mal-practice insurance crisis seems to have brought out the fact nation wide that 20-25% of the people hospitalized did not have to be hospitalized and there are certain schools of thought which seem to think that it will continue to level off and that it will not return to the norm shown on the graph.

Mr. Rael brought out that the average stay in the hospital has lowered through the years as well as doctor's hospital calls.

Commissioner Bernstein disagreed with Mr. Kearney's comments stating that he felt that the drop in hospitalization confinement had dropped because of the better function of the Utilization Committees in the hospitals rather than to the malpractice crisis. Mr. Kearney answered that that fact had also been mentioned in the article, but that (average stay) and number of admissions provided different data.

5. ACTUARIAL REPORT (Continued)

Mr. Kearney commented that the surgical centers will have an impact on the situation. He informed the Board that the Surgical Center in Walnut Creek was informed of the Board's action on the recent case and that future cases would be considered individually.

6. APPEALS COMMITTEE. There were no appeals heard by the Appeals Committee.

7. RULES COMMITTEE. Dr. Fitzgerald, Medical Advisor Health Service System, opened discussion on Maternity Benefits at request of Commissioner Toomey. Dr. Fitzgerald expressed that he felt it was time for the Board to consider certain changes in the rules and benefits pertaining to newborns.

Our Major Medical carrier no longer treats neo-natal complications under 'complications of pregnancy,' and will not cover unless we primarily cover such problems. Due to the increase in Intensive Care facilities involving the newborns, bills for hospitalization reaching to $6,000.00 or more have been received. Other considerations on the care of babies born at home rather than in the hospital (enrolled at birth but no coverage until released from the hospital); pediatrician care in the hospital and hospital charges for the normal newborn. A question was raised by Dr. Fitzgerald regarding those problems that are coverable by Crippled Children.

Discussion brought out that since times have changed with new methods of treatment and new drugs, that the rules and coverage should be reviewed and updated to meet the needs in this area and coverage extended to the newborn regardless of illness.

Mr. Larry Lavine, Blue Cross Representative, offered to submit to the Board the Blue Cross procedure on the payment of bills for newborns in order to assist in their review.

Mr. Rael was requested to work out details with Mr. Kearney and Dr. Fitzgerald and report back to Commissioner Toomey so that the Rules Committee could review the matter and submit their recommendations to the full Board; also, so that the maternity changes could be incorporated in the final draft of the Rules and Regulations before submitting it for printing to Phoenix Mutual.

8. OLD BUSINESS. The discussion on the new proposed Vision Plan brought out that it was held in abeyance awaiting more experience as to how the increased benefits and malpractice crisis would affect Plan I financially; and that when this point is reached the decision would be made on whether the vision plan should be introduced.

In answer to the question whether the quoted rates would hold should the Board express interest later, Mr. Fred Estes, representing California Vision Service, informed the Board that the rates would hold until December 1, 1975.

9. NEW BUSINESS.

   a. Mr. Kearney stated that he felt it was unusual for a Board acting as Trustees for the Health Service System Fund to have no record or documentation of the status of our Certificated Deposits. All receipts covering transactions through August 8, 1975 were requested of the Treasurer, copies of which were given to each Board member. Record of each future transaction will be

9. NEW BUSINESS (Continued)

forthcoming and the Board will be apprised of them. A file of the status of the Certificated Deposits will be kept in the Health Service System Office.

b. President Paretchan read the names on the new Committees to serve fiscal year 1975-1976 to becomes effective September 1, 1975:

RATE COMMITTEE	RULES COMMITTEE
Daniel McDonagh, Chairman	Frank Lucibello, Chairman
Thomas A. Toomey	Thomas A. Toomey
Frank Lucibello	Robert E. Hassing
Robert E. Hassing, Alternate	Harry Paretchan, Alternate

APPEALS COMMITTEE	BUDGET COMMITTEE
Harry Paretchan, Chairman	Abraham Bernstein, M.D., Chairman
Abraham Bernstein, M.D.	Daniel McDonagh
Thomas A. Toomey	Robert E. Hassing
Frank Lucibello, Alternate	von Beroldingen, Alternate

10. EXECUTIVE DIRECTOR'S REPORT. Mr. Kearney informed the Board of the following:

a. Brought the Board's attention to the impanelled Grand Jury Report on the Health Service System; a copy was distributed to each Board member.

b. The Department was functioning well with claims being processed normally.

c. Having difficulty with requests and certification for new employment; it seems that the policy now is to recognize promotional certifications and to delay replacement certifications; and that they are replacing permanent employees with the temporary CETA workers in city service.

d. The Mayor's Clearing House Committee, a special committee that troubleshoots all departmental problems, called regarding health care for temporary employees. Funds have been provided for medical coverage for temporary employees (CETA), but apparently are not being used as such and are being used for additional employments. He stated that Kaiser and Blue Cross have agreed to tailor a plan for these employees but to date have not been contacted by the CETA representatives. A meeting is schedules with the Mayor's Clearing House Committee and the Board will be informed of further developments.

f. Awaiting the examination to be held for Medical Claims Supervisor and reclassification of another position in the Claims Division.

The matter of 'Custodial Care' was brought up again, to which Mr. Rael stated that he was still researching the matter and requesting any information to be sent to him.

10. EXEUTIVE DIRECTORS REPORT (CONTINUED)

Mr. Kearney mentioned that a suggestion had been submitted by one of the staff to possibly pick up the Medicare deductible. This item was referred to Mr. Rael for actuarial study.

11. There being no further business to come before the Board, motion was made by Commissioner Toomey, seconded by Commissioner Bernstein, to adjourn the meeting at 4:50 P.M.

Respectfully submitted,

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR AUGUST 12, 1975

MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Benefit for July 1975

	Contributions	Claims	Claim Ratio
Active Employees	$ 164,518	$ 113,296	69%
Retired & Resigned	50,097	37,014	74
Adult Dependents	101,220	68,693	68
Minor Dependents	40,129	34,512	86
TOTAL	$ 355,964	$ 253,515	71%

(2) Experience under Part I - Major Medical for July 1975

	Premium	Claims	Claim Ratio
Active Employees & Dependents	$ 74,386	$ 54,890	74%
Retired & Resigned (No Medicare)	18,001	16,405	91
Retired & Resigned (Medicare)	35,306	39,039	111
TOTAL	$ 127,693	$ 110,334	86%

(3) Experience under Blue Cross - Plan III

	Premium	Claims	Claim Ratio
July 1975	$ 202,509	$ 198,741	98%

R A E L & L E T S O N

Consulting Actuaries

JBR:lc

8/12/75

C O P Y

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY, SEPTEMBER 16, 1975 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance

3. Roll Call: Bernstein, Abraham, M.D. — Paretchan, Harry
   Hassing, Robert — Toomey, Thomas A.
   Lucibello, Frank — von Beroldingen, Dorothy

4. Minutes of Regular Meeting, August 12, 1975, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman Harry Paretchan.

   No appeals requested as of date of publication. Appeals will be heard however, if received subsequent to publication of this Agenda.

7. Rules Committee - Chairman Thomas A. Toomey

   Discussion of Dr. Fitzgerald's proposed rule change governing newborn infants and well baby care.

8. Old Business.

   Discussion of Dental Plan recently passed by Board of Supervisors

9. New Business.

10. Executive Director's Report.

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'C'

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Minutes

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - SEPTEMBER 16, 1975 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Harry Paretchan presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Hassing, Robert — Paretchan, Harry
Lucibello, Frank — Toomey, Thomas A.

ABSENT: Bernstein, Abraham, M.D. - excused
von Beroldingen, Dorothy - excused

4. Motion by Commissioner Toomey, seconded by Commissioner Lucibello, that the Minutes of the Regular Meeting of August 12, 1975 be approved as submitted.

There being no objections, it was SO ORDERED.

5. ACTUARIAL REPORT. Mr. Juan B. Rael, Actuary, submitted the general report with statistical survey for July through August 1975 attached. The report submitted by San Francisco Medical Society Health Plan, Inc. on the claims activity for the month of August for Blue Cross members is also attached.

In summary, all plans are functioning well. Mr. Rael mentioned that it would take a couple of months in order to feel the impact of benefit improvements and that if all continues favorably, additional benefit improvements may be instituted before the end of the fiscal year. He stated that benefit improvements on 'well baby care' were being contemplated.

Mr. Kearney informed the Board that the recent low bid on a Vision Plan indicated a unique census data for our group, i.e., a high percentage of single people and that perhaps this point could be considered when reviewing the experience for proposed benefit improvements in Plan I. He mentioned that he would follow the census data closely in the next few weeks and pass the findings on to Mr. Rael for an actuarial study in that light of benefit improvements.

Mr. Kearney also told the Board that there were two schools of thought on whether the Kaiser surplus in the amount of $132,000 plus, generated as a result of the Kaiser contract rate for fiscal year 1974-1975 being less than the amount contributed by the City and County of San Francisco for the same period, could be used for benefit improvements in Plan I; a City Attorney's opinion will be requested and if it is favorable, additional benefits will be introduced.

6. APPEALS COMMITTEE. President Paretchan announced that there were no appeals heard. Mr. Kearney, through the Chair, introduced Frances Quilici who appeared to speak for herself, however was also representing the Registered Nurses from the San Francisco General Hospital. She mentioned that a group of nurses at the hospital who are now paying the contract rate for their health service were dissatisfied with the transfer of the nurses to the Crafts and Trade group as they were not given an option nor an election. She requested an exemption for herself as she was covered under her husband's plan in private industry. Mr. Kearney stated that the negotiation for the transfer of nurses into the Crafts and Trades group had taken place during the signup period in May; that for those who have requested a transfer of plans, he had advised that Mr. Paul Scannell and their Union representatives had requested an additional open period of from 2 to 3 weeks. After discussion, Mr. Kearney was directed to contact Mr. Scannell and Union representatives to arrange for the signup period and inform them that they are to be responsible for passing on information to their respective memberships. Mrs. Quillici was advised that if the open period was not arranged before one month, that she would be granted an exemption.

Mr. Kearney read a letter received from the Civil Service Building Maintenance Union, Local No. 66A which is attached. He brought out the differences between the negotiated contracts in the Crafts and Trades Unions, citing the difference between the City contributing directly to a Trust Fund as with the transport workers and including the contribution in the pay warrant as with the Registered Nurses, etc.

7. RULES COMMITTEE. Dr. Fitzgerald read the proposed rule change governing newborn infants and well baby care as follows:

NEWBORNS - Usual, customary and routine hospital and professional charges for the newborn shall be included under the Maternity Benefit. (See Maternity) Congenital defects, post-Caesarean care, and extraordinary or unusual conditions and illnesses shall be covered from birth both for hospital and professional services, provided that the infant has been enrolled with the Health Service (Plan I) within thirty (30) days of birth.

Hospital charges will be limited to the allowances under adult coverage with a deduction equivalent to the first three days of routine hospital care. Professional fees will be based on the most recent California Relative Values Study for surgical procedures and Plan I allowances for medical services.

WELL BABY CARE - The Health Service (Plan I) will pay for one routine office call a month for the first twelve months after birth of any newborn who has been a member of Plan I since birth.

Questions were directed through the Chair by Mr. Lavine, Blue Cross Representative, and Mr. Shetley, Phoenix Mutual Representative, and the proposed new Rule was discussed in depth by Board members.

Motion was made by Commissioner Toomey, seconded by Commissioner Lucibello to adopt the proposed change by Dr. Fitzgerald pending the approval of Phoenix Mutual.

There being no objections, it was SO ORDERED.

8. OLD BUSINESS.

a. Mr. Kearney reported that the Board of Supervisors passed by a vote of 6-- 5 a Resolution to implement a dental plan providing it was legal. The status is that the Unions will now probably circumvent the Superior Court and go direct to the Appellate Court to be heard. Much the same procedure will be followed as was followed in presenting the Bangs case.

b. President Paretchan asked Mr. Lavine to provide information to Mr. Rael regarding Blue Cross custodial and convalescent care.

9. NEW BUSINESS.

a. Commissioner Lucibello moved to adopt a Resolution transferring the necessary monies from Health Service General Fund to the Travel Fund, to allow Board members and the Executive Director to attend the 21st Annual Educational Conference to be held during November 13 to November 19, 1975 in Honolulu, Hawaii. It was seconded by Commissioner Toomey.

There being no objections, it was SO ORDERED.

b. Contract Rates. President Paretchan brought out that 52 members of the Health Service System, to include Judges, Aides, Commissioners, etc., are being subsidized by the Health Service System rather than by the departments. He requested a motion that these members be contacted and informed that they will no longer be subsidized by the System and therefore be required to pay the Contract Rate.

After discussion, motion was made by Commissioner Hassing, seconded by Commissioner Toomey, to refer the matter to the Rate Committee for further study.

10. EXECUTIVE DIRECTOR'S REPORT. Mr. Kearney reported the following:

a. Preliminary work had been started to contact the ten most populous counties to determine the average amount being contributed for employee only.

b. Claims on hand are heavier than usual due to vacations.

c. Department is functioning normally.

11. There being no further business to come before the Board, motion was made by Commissioner Toomey, seconded by Commissioner Lucibello, to adjourn at 5:08 P.M.

Respectfully submitted,

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR SEPTEMBER 16, 1975

MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Benefit for July through August 1975

	Contributions	Claims	Claim Ratio
Active Employees	$ 325,934	$ 289,524	89%
Retired & Resigned	104,893	87,400	83
Adult Dependents	202,766	190,600	94
Minor Dependents	80,387	84,197	105
TOTAL	$ 713,980	$ 651,721	91%

(2) Experience under Part I - Major Medical for July through August 1975

	Premium	Claims	Claim Ratio
Active Employees & Dependents	$ 148,976	$ 125,021	84%
Retired & Resigned (No Medicare)	39,403	39,305	100
Retired & Resigned (Medicare)	77,031	74,462	97
TOTAL	$ 265,410	$ 238,788	90%

(3) Experience under Blue Cross - Plan III

	Premium	Claims	Claim Ratio
July 1975	$ 202,509	$ 198,741	98%
August	212,691	183,869	86
TOTAL	$ 415,200	$ 382,610	92%

R A E L & L E T S O N

Consulting Actuaries

JBR:lc
9/15/75

C O P Y

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10-14-75

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY, OCTOBER 14, 1975 - 4:00 P.M.

A G E N D A

DOCUMENTS
OCT 1 0 1975
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1. Call to Order.

2. Pledge of Allegiance .

3. Roll Call: Bernstein, Abraham, M.D.
Hassing, Robert
Lucibello, Frank
Paretchan, Harry
Toomey, Thomas A.
von Beroldingen, Dorothy

4. Minutes of Regular Meeting, September 16, 1975, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman Harry Paretchan

No appeals requested as of date of publication. Appeals will be heard, however, if received subsequent to publication of this Agenda.

7. Rules Committee - Chairman Thomas A. Toomey

Further Discussion of Maternity Benefits by Dr. Fitzgerald

8. Old Business.

a. Inquiries mailed to ten most populous Counties to determine average amount being contributed toward employees' medical insurance.

b. Resolution to regain amount stolen from Petty Cash in June 1975.

9. New Business.

Approval of date for the Health Service System Annual Public Hearing Meeting in January.

10. Executive Director's Report.

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'C'

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10/14/75

Minutes

DOCUMENTS
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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY, OCTOBER 14, 1975 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Harry Paretchan presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D. Paretchan, Harry
Hassing, Robert Toomey, Thomas A.
Lucibello, Frank

ABSENT: von Beroldingen, Dorothy

4. Motion by Commissioner Toomey, seconded by Commissioner Bernstein, that the Minutes of the Regular Meeting of September 16, 1975 be approved as submitted.

There being no objections, it was SO ORDERED.

5. ACTUARIAL REPORT. Mr. Juan B. Rael, Actuary, submitted the general report with statistical survey for the months of July through September 1975 attached. The report submitted by San Francisco Medical Society Health Plan, Inc. on the claims activity for the month of September for Blue Cross members is also attached.

Mr. Rael commented that the claim ratio for both Basic and Major Medical Benefits, as well as for Blue Cross, had gone up; the Major Medical and Blue Cross had risen higher than anticipated.

Mr. Kearney, Executive Director, reported that the census data compiled for Mr. Rael revealed that in all Plan I categories, 62.91% were in the single category rate. Mr. Rael explained that the reason for this imbalance could be that the employee rate for Plan I is based on actual experience, whereas in Kaiser the single employee rate helps subsidize the dependent rate. Mr. Kearney commented that this unusual data points to possible increases in the benefit structure of Plan I.

6. APPEALS COMMITTEE. President Paretchan reported no appeals.

7. RULES COMMITTEE. Mr. Kearney, through the Chair, read the following rule change pertaining to maternity benefits submitted by Dr. Fitzgerald:

ADDITIONS TO THE RULES AND REGULATIONS:

NEWBORNS (WELL)

1. The usual, customary and routine hospital and professional charges for the Well Newborn shall be included in the Maternity Benefit. (See Page 13, 5 - MATERNITY.) However, the following additional benefits shall be covered.
   a. A surgical fee for circumcision based on the RVS Schedule in use at the time will be allowed for male infants.

7. RULES COMMITTEE. (Continued)

b. One Pediatrician or (family physician) in hospital examination will be payable as an extended hospital visit. See current comparison sheet.

NEWBORNS (NOT WELL)

1. Congenital defects, post Caesarean care, and extraordinary conditions and illnesses shall be covered from birth, both for hospital and professional services provided that infant is enrolled in the Health Service within 30 days subsequent to birth.

2. A newborn ill baby will be treated as a full member from the date of birth, but will be subject to a deductible equivalent to three (3) days routine hospital nursery care. After the third day, all charges will be treated as under normal coverage.

WELL BABY CARE

1. The System will pay twelve (12) office calls during the first year subject to the usual deductible per fiscal year.

Questions were raised by the Board and answered by Dr. Fitzgerald.

Motion was made by Commissioner Bernstein to change the word "subsequent to" to "after" so that the rule would read "within 30 days after birth" and to adopt the rule presented pending the approval of Phoenix Mutual. The motion was seconded by Commissioner Toomey.

There being no objections, it was SO ORDERED.

8. OLD BUSINESS.

a. Mr. Kearney reported that questionnaires had been mailed to the ten most populous counties; that while the questionnaires requested information on dental and vision coverage, only contributions by the employer for medical coverage would be considered in arriving at the average. This is in keeping with the language of Proposition '0' (11-7-72).

b. Motion was made by Commissioner Lucibello and seconded by Commissioner Bernstein to request the replacement of $38.63 taken from Petty Cash in June 1975 by Resolution of the Health Service Board.

9. NEW BUSINESS. President Paretchan requested Mr. Kearney to secure the date for the Annual Public Hearing Meeting in January from the Board of Supervisors for approval at the November meeting by the Board.

10. EXECUTIVE DIRECTOR'S REPORT. Mr. Kearney reported the following:

a. The office was functioning well; that less than 130 basic benefit claims and less than 235 major medical claims were on hand.

b. A certificated deposit was reinvested for 181 days commencing October 15, 1975 at 7-3/8% with Union Bank.

11. There being no further business to come before the Board, the meeting was adjourned at 4.26 P.M.

Respectfully submitted,

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR OCTOBER 14, 1975

MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Base Benefits for July through September 1975

	Contributions	Claims	Claim Ratio
Active Employees	$ 488,862	$ 465,354	95%
Retired & Resigned	155,768	140,917	90
Adult Dependents	305,656	265,381	87
Minor Dependents	121,178	132,731	110
TOTAL	$1,071,464	$1,004,383	94%

(2) Experience under Part I - Major Medical for July through September 1975

	Premium	Claims	Claim Ratio
Active Employees & Dependents	$ 224,352	$211,678	94%
Retired & Resigned (No Medicare)	58,937	58,209	99
Retired & Resigned (Medicare)	116,074	108,029	93
TOTAL	$ 399,363	$377,916	95%

(3) Experience under Blue Cross - Plan III

	Premium	Claims	Claim Ratio
July 1975	$202,509	$198,741	98%
August	212,691	183,869	86
September	206,371	241,261	117
TOTAL	$621,571	$623,871	100%

R A E L & L E T S O N

Consulting Actuaries

JBR:lc
10/14/75

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY, NOVEMBER 18, 1975 - 4:00 P.M.

A G E N D A

1. Call to Order

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Paretchan, Harry
   Hassing, Robert — Toomey, Thomas A.
   Lucibello, Frank — von Beroldingen, Dorothy

4. Minutes of Regular Meeting, October 14, 1975, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman Harry Paretchan

   No appeals requested as of date of publication. Appeals will be heard, however, if received subsequent to publication of this Agenda.

7. Rules Committee - Chairman Thomas A. Toomey.

8. Old Business.

   a. Custodial, Convalescent and Extended Care - Mr. Juan B. Rael, Jr.

   b. Proposed Improvements in Benefit Structure for Plan I.

   c. Result of questionnaires received from the ten most populous counties, State of California, regarding employer contributions.

   d. Approval of date, January 15, 1976, for Annual Public Hearing Meeting.

   e. Health Service System Certificated Deposits.

9. New Business.

   a. Presentation of Medical Plan - Mr. Mike Hillary, Enrollment Representative - Children's Hospital.

   b. Schedule Rate Committee Meeting to commence work on Rate Structure 1976-1977.

   c. International Foundation of Employee Benefit Plans.

10. Executive Director's Report.

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'C'

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY, NOVEMBER 18, 1975 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Harry Paretchan presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D. Paretchan, Harry
Hassing, Robert Toomey, Thomas A.
Lucibello, Frank

ABSENT: von Beroldingen, Dorothy

4. Motion by Commissioner Bernstein, seconded by Commissioner Lucibello, that the Minutes of the Regular Meeting of October 14, 1975 be approved as submitted.

There being no objections, it was SO ORDERED.

5. ACTUARIAL REPORT. Mr. Mike Clark, representing Rael & Letson, submitted the general report with statistical survey for the months of July through October 1975 attached. The report submitted by San Francisco Medical Society Health Plan, Inc. on the claims activity for Blue Cross members for the month of October is also attached. Mr. Clark read and commented briefly on the claim ratios on all plans.

6. APPEALS COMMITTEE. President Paretchan reported no appeals.

7. RULES COMMITTEE. Mr. Philip Kearney, through the Chair, reported that the final draft of the Rules and Regulations had been delivered by Mr. Jim Shetley of Phoenix Mutual and that they would be reviewed thoroughly before returning them to Phoenix Mutual for final printing.

Commissioner Toomey introduced a rule brought about by the successful passage of Proposition F at the November 4, 1975 election pertaining to Boards and Commissions. He read the Rule language for the Health Service Board as follows:

> "Each member of the Health Service Board who is present at a meeting of the Health Service Board shall vote for or against every question put before the Board, unless he is excused from voting by a motion adopted by a majority of the members present."

Motion was made by Commissioner Toomey and seconded by Commissioner Bernstein to adopt the above Rule and incorporate it in the new Rules and Regulations.

There being no objections, it was SO ORDERED.

8. OLD BUSINESS.

a. Mr. Mike Clark reported that both he and Mr. Rael had encountered difficulty regarding costing of convalescent and custodial care; however, that they were ready with rough figures to meet with the Rate Committee for discussion when considering new benefits.

President Paretchan referred the matter to the Rate Committee.

8. OLD BUSINESS (Continued)

b. Mr. Kearney called the Board's attention to the proposed improvements discussed at the beginning of the present fiscal year. He stated that at that time it was the Board's decision to review Plan I experience after four months to determine whether Benefit Improvements could be implemented in the mid year. The proposed improvements discussed were: 1. Vision and Life Insurance. 2. Increasing Hospital Room and Board. 3. Lowering the Major Medical deductible. It was brought out that at that time, Mr. Rael did not favor reducing the major medical deductible. Commissioner Toomey's recollection was that Mr. Rael was to advise them on the impact of the cost upon the System in accordance with the loss ratio as it stands about this time of the year.

Mr. Kearney reminded the Board that we have generated a considerable surplus as a result of the malpractice suits and that four months' experience indicates that this surplus is not being eroded. Our present loss ratio (four months into the fiscal year is 98%) and during the month of December we will have an extra bi-weekly pay period which should bring our overall loss ratio down to 95%.

The rates for the vision plan were reviewed; $2.83 was the composite rate for the entire group with a $5.00 deductible only; per month, $1.90, Employee only; $3.60, Employee plus one, and $4.85, Employee plus family. The rates quoted are firm up to January 1, 1976. Mr. Kearney was requested to consult with the Actuary to see whether financially this could be added as a new benefit.

President Paretchan referred the matter to the Rate Committee for further study.

c. Mr. Kearney reported on the status of the questionnaires mailed to the ten (10) most populous counties in the State of California. The City's contribution toward the employee's medical care would increase $2.59 per month for the fiscal year 1976-1977; the present amount of $24.71 per month would increase to $27.30 per month. This new rate is due to be submitted to the Board of Supervisors by the second Monday of January, 1976.

d. Mr. Kearney reported that the Board of Supervisors had confirmed the date, January 15, 1976, for the Annual Public Hearing Meeting and that the Court Reporter would be contacted.

e. Mr. Kearney, through the Chair, brought to the attention of the Board the memorandum indicating the status of the Certificated Deposits.

9. NEW BUSINESS.

a. Mr. Mike Hillary, Enrollment Representative, and Mr. Aldo Giacchino, Executive Director of Children's Hospital Health Plan, gave a presentation of their plan, a non-profit prepaid health plan. The plan is comprehensive and staffed by the physicians who practice at Children's Hospital and would be similar to the Kaiser plan in that members would use Children's Hospital facilities. The benefits, including both in-patient and out-patient services, were briefly

8. NEW BUSINESS (Continued)

mentioned and some of the exclusions. Emergency services outside Children's Hospital would be covered at 80% for both physician and hospital and cases referred to outside physicians or facilities would be paid at 100%. The monthly rate would be $25.00, Employee; $50.00, Employee plus one; $75.00, Employee plus family. Questions directed by the Board were answered.

Motion was made by Commissioner Lucibello and seconded by Commissioner Hassing to refer the matter to the Rate Committee for further study.

There being no objections, it was SO ORDERED.

b. President Paretchan scheduled a Rate Committee meeting for early December to commence work on the Rate Structure 1976-1977 and to discuss the three pending items.

c. Motion by Commissioner Toomey and seconded by Commissioner Bernstein, that a Resolution be made to pay the 1976 Membership Dues to the International Foundation of Employee Benefit Plans.

d. Compliments were given to Commissioner Hassing on his second term of office and Commissioner Bernstein on his 3rd term of office.

10. EXECUTIVE DIRECTOR'S REPORT. Mr. Kearney reported that the System was functioning well.

11. There being no further business to come before the Board, the meeting was adjourned at 5:00 P.M.

Respectfully submitted,

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR NOVEMBER 18, 1975

MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Benefit for July through October 1975

	Contributions	Claims	Claim Ratio
Active Employees	$ 657,867	$ 652,098	99%
Retired & Resigned	211,495	201,080	95
Adult Dependents	411,878	377,074	92
Minor Dependents	163,290	185,688	114
TOTAL	$ 1,444,530	$ 1,415,940	98%

(2) Experience under Part I - Major Medical for July through October 1975

	Premium	Claims	Claim Ratio
Active Employees & Dependents	$ 302,087	$ 287,454	95%
Retired & Resigned (No Medicare)	80,504	82,354	102
Retired & Resigned (Medicare)	155,528	132,516	85
TOTAL	$ 538,119	$ 502,324	93%

(3) Experience under Blue Cross - Plan III

	Premium	Claims	Claim Ratio
July 1975	$ 202,509	$ 198,741	98%
August	212,691	183,869	86
September	206,371	241,261	117
October	211,264	248,542	118
TOTAL	$ 832,835	$ 872,413	105%

R A E L & L E T S O N

Consulting Actuaries

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY, DECEMBER 9, 1975 - 4:00 P. M.

DOCUMENTS

AGENDA

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Paretchan, Harry
   Hassing, Robert — Toomey, Thomas A.
   Lucibello, Frank — von Beroldingen, Dorothy

4. Minutes of Regular Meeting, November 18, 1975, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman Harry Paretchan.

   No appeals requested as of date of publication. Appeals will be heard; however, if received subsequent to publication of this Agenda.

7. Rules Committee - Chairman Thomas A. Toomey.

8. Old Business.

   a. Resolution certifying to Board of Supervisors the average monthly amount being contributed by the ten (10) most populous counties in the State of California for Employees' medical care.

9. New Business.

   Discussion of Proposed Vision Plan Bid by Mr. Larry Lavine, Blue Cross Representative

10. Executive Director's Report.

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY, DECEMBER 9, 1975 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Harry Paretchan presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D. — Paretchan, Harry
Hassing, Robert — Toomey, Thomas A.
Lucibello, Frank

ABSENT: von Beroldingen, Dorotny - excused

4. Motion by Commissioner Bernstein, seconded by Commissioner Lucibello, that the Minutes of the Regular Meeting of November 18, 1975 be approved as submitted.

There being no objections, it was SO ORDERED.

5. ACTUARIAL REPORT. Mr. Juan B. Rael, Actuary, submitted the general report with statistical survey for the months of July through November 1975 attached. The report submitted by San Francisco Medical Society Health Plan, Inc. on the claims activity for Blue Cross members for the month of November is also attached. Mr. Rael read and commented briefly on the claim ratios on all plans. He commented that Blue Cross was obviously operating in the red. To Commissioner Bernstein's question as to whether the malpractice insurance has contributed to this trend, Mr. Larry Lavine, Blue Cross Representative, commented that it could be caused by a combination of many factors, such as heavy utilization, doctors' charges and possibly by a reaction of the change in cost, and not necessarily one specific reason. His general remarks indicated that the exact cause was unknown.

6. APPEALS COMMITTEE. President Paretchan reported no appeals.

Mr. Philip Kearney, Executive Director, through the Chair, read a letter received from Mr. Mark Buell who was appealing for reinstatement in the Health Service System for his mother, Louise W. Buell, HSS 01906, who was a teacher in the S.F.U.S.D. during the period from 1930 to 1971 and a member of the Health Service System from 1941 until June 1972. His mother left the Health Service System in 1972 because she was of the opinion that in order to join the State Teachers' Retirement System she could not maintain her medical coverage through the City. He contended that her case was a legitimate error made because of confusion during that period and therefore was requesting reinstatement in view of her 41 years of service to San Francisco in the supplemental coverage only of Plan I. (She is enrolled in both parts of Medicare.) Mr. Kearney recommended that reinstatement be permitted.

Motion was made by Commissioner Toomey and seconded by Commissioner Lucibello to reinstate former member, Louise W. Buell, HSS 01906, In Plan I Major Medical coverage.

There being no objections, it was SO ORDERED.

6. APPEALS COMMITTEE (Continued)

Mr. Kearney also read a letter received from Social Services Union, Local 535, of the AFL-CIO relative to Kaiser closing their Outpatient Clinic on Saturdays effective December 1, 1975. Discussion brought out that there should be no reason for objecting as Kaiser had emergency treatment available and was open one night a week for services. Mr. Kearney was instructed to prepare a letter to Kaiser asking them their position and reasons for closing the clinic and to forward a copy of their reply to Social Service Union, Local 535.

7. RULES COMMITTEE. Mr. Kearney reported that the final draft copy of the Rules and Regulations had been proofed and returned to Phoenix Mutual and is now in the process of being printed; 15,000 copies had been ordered.

8. OLD BUSINESS. Mr. Kearney reported the results of the survey taken of the ten (10) most populous counties to determine the average contribution made by each county toward providing medical care for each employee exclusive of dental and optical care. He referred the Board members to his letters and resolution, the procedure to follow in order to certify to the Board of Supervisors the average monthly amount of $27.30 to be assumed by the City and County of San Francisco for fiscal year 1976-1977. The City's contribution had increased $2.59 per month. Suggestion was made by Commissioner Toomey to Mr. Kearney that in the letter to the Board of Supervisor's reference be made to the Charter Amendment rather than to the election of 1972. Because the letters were already prepared, it was agreed to change the language in the letter of transmittal in future years.

9. NEW BUSINESS. Mr. Lavine passed out a letter and brochure representing their proposed Medical Eye Care Plan. He read the letter attached which detailed its capabilities and that basically the plan involved a combination of Ophthalmologists working with dispensing Opticians in the nine greater Bay Area Counties. The service concept of the Medical Eye Care Plan guarantees payment in full when a member goes to a participating provider. In addition, payment will be made at an equal level of reimbursement if a member selects a non-participating provider.

In their Option 1 Plan, a $2.75 supercomposite rate was indicated with a 15.3% retention feature. There is a $5.00 deductible per calendar year. Option 2, with no deductible, features a $3.25 supercomposite rate with 12.9% retention.

They are guaranteeing the above figures for an 18-month period on the following basis: That they start with that rate for a six-month period and then enter into a new contract from July 1, 1976 to July 1, 1977.

Mr. Lavine introducted Mr. Mike Green who is past President of California Association of Dispensing Opticians and current board member to answer any questions, and asked Mr. Bjorquist, Representative of San Francisco Medical Society Health Plan, to present some of the points and benefits of the program. Mr. Bjorquist read through the brochure explaining the need for such a vision medical plan in addition to measuring and correcting eyeglasses. He explained that there are many unrelated diseases such as blood pressure, diabetes, brain tumor, etc., affecting the eyes. Their pre-paid Medical Eye Care Program outlined in the brochure offers paid-in-full benefits as follows:

1. Complete medical eye examination for every member of your family every 24 months. The examination is designed to provide a total medical evaluation to diagnose early signs of glaucoma, cataracts, eye tumors, vascular disorders (high blood pressure, etc.) diabetes, and retinal diseases (retinal degenerations, retinal detachments, etc.)

The eye physician, the Ophthalmologist, determines the state of the reflexes of the pupils; tests the ability to focus at various distances, and the depth and color perception; he will be checking for eye disorders and looking for early visual problems in children. Any corrective measure, whether it is glasses, medical treatment or surgery, can be prescribed by the eye physician. Follow-up visits are at the discretion of the eye physician when he feels it is medically necessary.

This examination is performed by the only person legally and professionally qualified to diagnose and treat all eye disorders - the Ophthalmologist.

2. Corrective glasses for every member of the family who needs them. The Ophthalmologist will provide you with a prescription to be taken to the dispensing optician who will provide the frames and progress visits for the adjustment of frames or lenses. The member will pay the difference for a more expensive frame style or unusual lenses not provided by the program.

   Contact lenses are allowed in lieu of glasses subject to approval by the Peer Review Committee of the Medical Eye Care Foundation. Members choosing contact lenses for cosmetic or convenience purposes will be reimbursed partially on a one-time basis only.

   Eyeglass lenses are available once a year if the prescription change so indicates, such as in teenage myopia, the lenses could be changed every 6 months. New frames are available every 24 months.

3. Members who choose to receive eye care services from non-participating providers would be reimbursed according to the level which would be paid to a participating provider.

Commissioner Bernstein questioned the necessity of such a plan stating that the only advantage of such plan is the services of a dispensing Optometrist and the eyeglasses offered; that Plan I covers the services of an Ophthalmologist when referred by an Internist. To his question as to who would be measuring for glasses, Mr. Bjorquist answered, the Ophthalmologist would and that the prescription would be sent to the dispensing Optician. Commissioner Bernstein stated that in all due respect to the Ophthalmologist that he would prefer a dispensing Optician to measure glasses. Mr. Bjorquist explained that the Internist diagnoses the diabetes; if he doesn't, the Ophthalmologist would detect it by this examination. Commissioner Bernstein stated that the Ophthalmologist does not pick up many illnesses unless an internist sends the patient to him.

Mr. Lavine interjected that the benefit structure and concept of their plan is equal to the plan offered by California Vision Service, only with an added benefit of medical services. He compared their plan concept with CVS stating that CVS would have a reduced schedule of allowance to the Ophthalmologist, whereas their plan would pay in full and provide benefits for the Optometrist on a light level reimbursement. Going to an Ophthalmologist does not mean that the individual will have a disease of the eye and if so, Plan I would then take on the medical reimbursement, whether it be for cataract, surgical operation, etc. They are not taking away from Plan I.

Mr. Kearney, through the Chair, asked Mr. Lavine who would be the primary carrier if a member's eyes are diseased. He cited an example of the case of Glaucoma where treatment would be under Basic Benefits. Mr. Lavine answered that the Medical Eye Care Plan would pay

9. NEW BUSINESS (Continued)

for the examination and that Basic Benefits would pay for the surgical procedure benefit. That they would pay as primary for the first examination if diagnosed as a disease of the eye and will pay for any costs for dispensing lenses, etc., as outlined in the brochure.

Commissioner Bernstein stated that this benefit is now covered under Plan I. If an Internist refers a member to an Ophthalmologist, reimbursement is made for the first visit. To which Mr. Lavine stated that Blue Cross would cover that first visit. When Commissioner Bernstein questioned who would take care of the treatment, Mr. Lavine answered that they, Blue Cross, would pay for the follow-up visits. The proposal for examination is every 24 months, whereas with CVS, they are paying a vision examination once a year. If medically necessary, the Medical Eye Care Plan will pay more frequently than 24 months for services rendered by the Ophthalmologist. He mentioned the case where an individual goes to an Ophthalmologist, is measured for glasses and a disease of the eye is detected, he will have to return to the Ophthalmologist. Blue Cross will pay for the initial visit and the follow-up visits for treatment, if medically necessary. He may have to go four times in one year. Commissioner Bernstein mentioned that he may have to go for 15 treatments. Mr. Lavine answered that they would pay for them, as long as they are medically necessary. That is how flexible the program will be. It was designed not just to provide an examination and for dispensing glasses, but a plan that would deliver first quality eye care.

Mr. Lavine made the distinction between a 'Vision' Plan and a 'Medical Eye Care' Plan, stating that it is a combination of both, representing the best in vision care plans. It covers normal vision care testing, as well as treatment for the disease of the eyes, and that is the reason for the plan being unique.

When questioned about its being in operation for only a year and not new, Mr. Bjorquist answered that it was a self-funded program through the Foundation for Medical Eye Care under Teamsters Union, Local 85, the pilot used for the program and that Blue Cross has not been involved in it. The Foundation is only doing the administration for Teamsters Local 85. Mr. Lavine interjected that on an insured plan, Blue Cross has developed and is coordinating with the Medical Eye Care Foundation to insure the risk of medical eye care benefits.

President Paretchan asked Mr. Lavine the reason for not presenting this plan in July when he was asked to do so. Mr. Lavine answered that it was in its development stage and added that it was just last week that he was given the green light to go ahead with the program. He apologized for the delay and stated that the same slow procedure is being followed on the dental program, i.e., the legal questions arising as a result of their attempting to enter a field unrelated to Blue Cross Hospital coverage; that considerable work was involved in tailoring a plan for such a large group as the City and County of San Francisco.

Mr. Green requested to speak through the Chair and stated that the Board would have to form its opinion as to selection of a vision plan, whether it be a Cadillac plan or a Chevrolet plan. Mr. Kearney asked Mr. Green how a Cadillac plan can be delivered at less than Chevrolet prices. Mr. Green could not answer that question; however, he stated that the glasses being delivered to the Teamsters are the same high-grade glasses being delivered to regular full-paid members.

9. NEW BUSINESS (Continued)

Mr. Lavine further commented that they felt this rate is right and that they are prepared to deliver a retrospective rated contract, which means that at the end of the eighteen (18) months period, money in the reserve will be refunded to the Health Service Board, less a reasonable reserve which may represent a half month's income or a month's income at the most.

Commissioner Hassing asked that Mr. Lavine or Mr. Bjorquist explain or define the benefits of an eye examination every 24 months for each member of the family. Mr. Bjorquist explained that the comprehensive eye examination is total eye care including refractive services every 24 months and if needed, follow-up visits are provided. His example for a progressive eye disorder was in teenage myopia; there could be a progressive change within a 3 to 6 month period. Mr. Lavine added that an individual under stress taking new medications which are totally unrelated to any eye problem could possibly sustain visual changes and may have to return for re-evaluation; Blue Cross would continue to pay even though they paid for one visit. This is unusual in a vision program. Mr. Bjorquist mentioned that this past year has given them experience as to types of procedures that are being performed under a comprehensive eye care program and follow-up visits.

Commissioner Lucibello posed the question that if he went to an Ophthalmologist and Glaucoma was diagnosed, would he treat the eyes too and would Blue Cross pay for the treatments? Mr. Lavine answered that he would give treatment to the eyes, but Mr. Bjorquist interjected that Blue Cross would pay for the initial visit and other examinations would fall under the basic benefits of the Health Service System.

To Commissioner Hassing's question as to whether he may want to go to his own eye specialist, Mr. Lavine answered that the panel is open to either an Optometrist or an Ophthalmologist. Mr. Lavine explained that it is a service concept. The participating doctors would be paid in full on the basis of what they bill and a non-participating doctor would be paid in much the same manner as non-participating doctors are presently being paid by San Francisco Medical Society Health Plan in their affiliation with Blue Cross on medical bills. There are 265 participating Ophthalmologists in the nine Bay Area Counties which represent 75% of the total registry.

Commissioner Toomey posed the question that if an Ophthalmologist determines Glaucoma and the patient would have to return 15 times, who would pay for it? Mr. Bjorquist answered, for Glaucoma, that would be a medical problem that would be covered under Health Service System Plan I. Blue Cross would pay for the initial visit. Commissioner Toomey then asked if there was anything they would pay for other than for the initial visit. Mr. Bjorquist answered that if there was a progressive disease suspected, that a follow-up visit would be required and that they would pay for the follow-up visits; to which Commissioner Toomey remarked that it was then limited to follow-up visits for correcting lenses. Mr. Bjorquist answered, No, it is just for the actual inspection of the eye to see whether there has been a progressive need, which Commissioner Hassing commented would be covered under Plan I.

Mr. Lavine answered that this follow-up medical examination would be an improvement on the CVS Plan but would require peer review and close coordination with Health Service Plan I to determine primary responsibility for the payment of bills.

Mr Kearney, through the Chair, asked Mr. Lavine for an example of a situation wherein a number of follow-up visits would occur. Mr. Bjorquist mentioned that what he was referring to was progressive Myopia in children up to age 16 or 17. Mr. Kearney then

commented that as he understands it, that this procedure would be the only procedure they would pay on beyond the first visit. Mr. Bjorquist stated that there were others but that he did not know them off hand. Mr. Lavine commented that there are other procedures that require more than one visit.

Commissioner Toomey posed the question to Mr. Estes whether under CVS a member goes to an Ophthalmologist or an Optometrist. Mr. Estes clarified that point by stating that the majority on their panel are Optometrists and few Ophthalmologists. Mr. Toomey asked whether a member going to an Optometrist would detect Glaucoma or an eye problem. Mr. Bjorquist interrupted and answered that he is not a doctor of medicine but that if he suspects it, he sends the patient to an Ophthalmologist. When questioned whether Plan I pays for an Ophthalmologist, Mr. Kearney answered, Yes.

President Paretchan asked Mr. Estes, if a member goes to an Optometrist through CVS and the Optometrist suspects Glaucoma, then does he send the member to an Ophthalmologist? Mr. Estes answered that the Optometrist would send the member to an Ophthalmologist who would be paid under Plan I.

Commissioner Lucibello commented that it is his understanding that Optometrists also examine a person's eyes for Glaucoma and then they send the person to an Ophthalmologist.

Dr. Fitzgerald, Medical Advisor of the Health Service System, volunteered through the Chair, the differences in service, i.e., Ophthalmologists can dilate pupils to refract and as M.D.s can treat diseases of the eyes; Optometrists cannot use medications to dilate and cannot treat diseases found.

President Paretchan asked which field was more qualified, to which Dr. Fitzgerald answered, it was a matter of opinion by both fields as to the superiority of their examination. President Paretchan commented that this brings us back to the old question involving the relevant competence of a Chiropractor and an Orthopedic Surgeon.

Commissioner Toomey brought out that the Internist can determine diseases of the eye and refer the patient to the Ophthalmologist.

Mr. Lavine commented that if their plan is accepted, it would be offered at a later date to other plans.

Commissioner Hassing, speaking to Mr. Lavine, told him that he was only sorry that he didn't explain this program in more detail when he was asked to submit their plan back in June or July and at which time this Board was informed that a plan would be forthcoming in 2 or 3 weeks. He should have explained the delay for its development and the fact that they were building up an experience related to the Teamsters, instead of coming in at the 11th hour and having the benefit of scrutinizing another plan before submitting their program. It did not set well with him.

Mr. Lavine apologized for the delay. He stated further that Blue Cross had a plan at that time but that it was not comparable to the plan offered by CVS. They wanted to wait to introduce the vision care plan which they consider to be an improvement to the CVS program; that it is ready for delivery and that it would be Statewise.

Mr. Lavine stated that they are having the same problem with the HMO development which has been on the drawing board for 4 - 5 years with groups waiting for it to be implemented.

9. NEW BUSINESS (Continued)

President Paretchan asked Mr. Estes to give a quick presentation of the CVS Plan. Mr. Estes briefly went over the benefits; the plan provides an examination every 12 months, lenses every 12 months, and frames every 24 months. Mr. Irving Valine of California Vision Service, commented on the fact that there were 1800 Optometrists on their panel, and 440 in the Bay Area. He stated that he happened to go to check the Teamsters and found that they had 195 Ophthalmologists on their panel. Mr. Lavine interjected that there was an addendum to that list and that Mr. Bjorquist had the complete list of 265 doctors. Mr. Valine further stated that their panel was limited to Optometrists plus a limited number of Ophthalmologists.

Mr. Lavine mentioned that Blue Cross was eliminating a fee schedule and were recognizing payment in full fee basis. When asked whether Blue Cross would pay for trifocal lenses which CVS allows, Mr. Lavine answered, Yes.

Mr. Valine compared the CVS plan with the Blue Cross plan indicating that HSS Plan I already covered the Ophthalmologist billing, but felt that the examination was necessary every 12 months and that the benefit of progressive teenage myopia would cover a very small percentage of claims; that their plan covers dependents outside of the Bay Area; that they have participating Optometrists out of the State; and an important fact is that they guarantee satisfaction for services performed. They have been providing a vision plan for the last 25 years; they are the largest providers in the United States and that they are presently covering over 1 million people and that their lenses are made by the American Optical Company.

President Paretchan ended the discussion stating that the Rate Committee would meet in January to study and compare the plans and possibly arrive at a decision at that time.

10. EXECUTIVE DIRECTOR'S REPORT. Mr. Kearney reported that the Health Service System office is performing well and that all is in order.

11. There being no further business to come before the Board, motion was made by Commissioner Toomey and seconded by Commissioner Lucibello to adjourn the meeting at 5:15 P.M.

Respectfully submitted,

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR DECEMBER 8, 1975
MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Benefit for July through November 1975

Contributions	Claims	Claim Ratio
$1,819,596	$1,759,511	96.7%

(2) Experience under Part I - Major Medical for July through November 1975

	Premium	Claims	Claim Ratio
Active Employees & Dependents	$ 380,406	$ 372,252	98%
Retired & Resigned (No Medicare)	101,898	123,630	121
Retired & Resigned (Medicare)	194,721	164,063	84
TOTAL	$ 677,025	$ 659,945	97%

(3) Experience under Blue Cross - Plan III

	Premium	Claims	Claim Ratio
July 1975	$ 202,509	$ 198,741	98%
August	212,691	183,869	86
September	206,371	241,261	117
October	211,264	248,542	118
November	209,209	223,157	107
TOTAL	$1,042,044	$1,095,570	105%

R A E L & L E T S O N

Consulting Actuaries

JBR:lc
12/9/75

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY, JANUARY 13, 1976 - 4:00 P.M.

A G E N D A

1. Call to Order.
2. Pledge of Allegiance.
3. Roll Call: Bernstein, Abraham, M.D. — Paretchan, Harry
   Hassing, Robert — Toomey, Thomas A.
   Lucibello, Frank — von Beroldingen, Dorothy
4. Minutes of Regular Meeting, December 9, 1975, submitted for approval.
5. Actuarial Report - Mr. Juan B. Rael, Jr.
6. Rate Committee.
   a. Custodial, Convalescent and Extended Care - Mr. Juan B. Rael, Jr.
   b. Benefits and Rate Structure 1976-1977.
7. Old Business.
8. New Business.
9. Executive Director's Report.

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'C'

1. Call to Order.

2. Minutes of Meeting.

3. Appt C.I.I.: Pennington, Sharon L. ... Commissioner, Sheriff
Newton, Robert Deputy, Canine #1
Sheldon, Jesse Jon Youngblood, Trooper

4. Minutes of Boating Safety Committee of 10/, Approval for Budget.

5. Treasurer's Report - Mr. John C. Mott, Jr.

6. Date Change.

7. Old Business.

8. New Business.

9. Executive Session.

Date: ____

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY, JANUARY 13, 1976 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Harry Paretchan presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Hassing, Robert — Paretchan, Harry
Lucibello, Frank — Toomey, Thomas A.

ABSENT: Bernstein, Abraham, M.D. - excused
Barbagelata, John J. - excused

4. Motion by Commissioner Toomey, seconded by Commissioner Lucibello, that the Minutes of the Regular Meeting of December 9, 1975 be approved as submitted.

There being no objections, it was SO ORDERED.

5. ACTUARIAL REPORT. Mr. Juan B. Rael, Actuary, submitted the general report with statistical survey attached for the months of July through December 1975. Also attached is the San Francisco Medical Society Health Plan, Inc., report on the claims activity for Blue Cross members for the month of December.

Mr. Rael, in commenting on the Basic Benefits of Plan I, stated that the 91% loss ratio, down from 97% last month, was 9% lower than anticipated. This experience could possibly be due to doctors not utilizing the hospitals because of the malpractice insurance. The Major Medical loss ratio, 92%, was also down from 97% last month. The overall experience for Blue Cross reflecting a loss ratio of 101% was good. He felt that the good experience on all plans was due to the three bi-weekly pay periods in December, showing the contributions higher than the claims paid.

Mr. Philip J. Kearney, Executive Director, through the Chair, asked Mr. Rael whether adding the 10% administrative cost borne by the City to the loss ratios of Plan I would bring Plan I to the level of Blue Cross. Mr. Rael answered that the 101% loss ratio of Blue Cross did not include the administrative cost; that theoretically, Blue Cross is a non-profit organization.

Mr. Larry Lavine, Blue Cross Representative, verified the administrative cost to be 8% and added that were it to be added, the incurred but not paid claims would have to be included also.

To Commissioner Lucibello's question, whether there would be a rate increase with Phoenix Mutual, Mr. Rael answered that Phoenix Mutual rates are adjusted after the rates for Basic Benefits are set; that if the rates were to remain the same, the inflation risk would fall upon Phoenix Mutual.

6. APPEALS COMMITTEE. President Paretchan announced that no appeals had been submitted.

7. RATE COMMITTEE.

a. Custodial, Convalescent and Extended Care. Mr. Rael commented that making these facilities available could broaden the plan and could possibly save on hospital charges and extras.

Benefits and Rate Structure 1976-1977. Commissioner Lucibello suggested that consideration be given to increase the hospital and maternity allowance. He had checked the rates of nine hospitals. He hoped that the maternity allowance for normal delivery would be raised to $500.00, the same amount allowed for hospital charges; also that the ambulance allowance be raised $10 or $15.

Mr. Kearney, through the Chair, stated that in light of the Brown Act, he with Mr. Rael and John Misegades will prepare a list of benefits to present to the Rate Committee, at which time public announcement will be made of the meeting.

8. OLD BUSINESS. Mr. Kearney, through the Chair, reported that the Resolution and letter with rates as approved by this Board have been forwarded to the Board of Supervisors; the item has been calendared before the Legislative and Personnel Committee for the January 16 meeting. He anticipates a due pass and stated that there would be sufficient time to work out the detail of the rate and benefit structure before April, the deadline for the printing of the comparison sheet.

9. NEW BUSINESS.

a. Mr. Kearney brought to the attention of the Board the Health Service System Budget work sheet prepared by Mr. John Misegades, Administrative Assistant of the Health Service System. He reviewed items on the proposed Budget 1976-1977 and stated that the total Budget was $2,610 less than the Budget for 1975-1976, the reason being directly attributed to the services of other Departments. The Data Processing Budget, city-wide, was cut from 12 million dollars to something in excess of 7 million dollars, which lowers the Health Service System proposed Budget in the amount of $8,413.

Mr. Kearney requested a motion in Resolution form to approve and adopt the budget.

Motion by Commissioner Toomey, seconded by Commissioner Lucibello, to approve and adopt the proposed Budget 1976-1977.

There being no objections, it was SO ORDERED.

b. Mr. Kearney brought the Board's attention to the Statement of Revenues and Expenditures Report which accompanied the Budget. He referred to the last total figure under the last column, Balance, $550,155.70, as an average operational surplus. He stated that the figure could be incorrect as there are still existing incurred unpaid claims and earned but not received revenues that more or less equate. This figure does not include the $200,000.00 withdrawn in July and placed as a Certificated Deposit and the $132,000.00 held as deferred credit in the Treasurer's Office as a result of the Kaiser surplus. All monies total $800,000 as an overage, not considering 1.8 million in Certificated Deposits. He felt that this money should be returned to the membership and as a precautionary measure, recommended to the Board that $300,000.00 from this surplus be placed in Certificated Deposits as ready reserve for as long a period as desired.

9. NEW BUSINESS (Continued)

Motion was made by Commissioner Toomey and seconded by Commissioner Lucibello, that the amount, $300,000.00 be taken out of the Trust Fund and placed in Certificated Deposits.

There being no objections, it was SO ORDERED.

c. Mr. Kearney requested a resolution for his expenses in the amount of $294.00 for the last 6 months from July through December, 1975.

Motion was made by Commissioner Lucibello and seconded by Commissioner Toomey, that a resolution be drawn up to cover Mr. Philip J. Kearney's expenses in the amount of $294.00 for the 6 months from July through December, 1975.

There being no objections, it was SO ORDERED.

10. EXECUTIVE DIRECTOR'S REPORT.

a. Mr. Kearney recommended to the Board that membership be continued in the International Foundation of Employee Benefit Plans in spite of the rumor that travel for all Boards and Commissions will be discontinued until further notice. He recommended that the 1976 membership dues be paid.

Motion was made by Commissioner Hassing and seconded by Commissioner Lucibello, that the 1976 Membership Dues be paid to the International Foundation of Employee Benefit Plans.

There being no objections, it was SO ORDERED.

President Paretchan brought to the attention of those present that the funds used by the Health Service Board to attend conferences were not expended from City funds but from the Health Service System Trust Fund.

b. Mr. Kearney reported that as of January 12, 1976, there were 632 claims, both Major Medical and Basic Benefits, not processed; and that the Department was functioning in good order.

c. President Paretchan reminded those present of the Annual Public Hearing of the Health Service Board to be held on January 15, 1976, Room 228 in City Hall.

11. There being no further business to come before the Board, it was moved by Commissioner Toomey and seconded by Commissioner Lucibello to adjourn the meeting at 4:38 P.M.

Respectfully submitted,

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

C O P Y

REPORT BY ACTUARY FOR JANUARY 13, 1976

MEETING OF THE HEALTH SERVICE BOARD

C O P Y

(1) Experience under Plan I - Benefit for July through December 1975

	Contributions	Claims	Claim Ratio
Active Employees	$ 1,057,111	$ 940,152	89%
Retired & Resigned	320,655	315,965	99
Adult Dependents	653,872	569,782	87
Minor Dependents	259,230	265,134	102
TOTAL	$ 2,290,868	$2,091,033	91%

2 Experience under Plan I - Major Medical for July through December 1975

	Premium	Claims	Claim Ratio
Active Employees & Dependents	$ 482,162	$ 434,250	90%
Retired & Resigned (No Medicare)	122,749	152,048	124
Retired & Resigned (Medicare)	234,209	188,420	80
TOTAL	$ 839,120	$ 774,718	92%

(3) Experience under Blue Cross - Plan III

	Premium	Claims	Claim Ratio
July 1975	$ 202,509	$ 198,741	98%
August	212,691	183,869	86
September	206,371	241,261	117
October	211,264	248,542	118
November	209,209	223,157	107
December	281,135	235,035	84
TOTAL	$ 1,323,179	$1,330,605	101%

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R A E L & L E T S O N
Consulting Actuaries

HEALTH SERVICE SYSTEM

CITY AND COUNTY OF SAN FRANCISCO

450 McALLISTER STREET
SAN FRANCISCO, CALIFORNIA 94102

TELEPHONES
Administration 558-3701
Claims 558-4761
Membership 558-4322

PHILIP J. KEARNEY
Executive Director

PLEASE POST PLEASE POST

O F F I C I A L N O T I C E

In compliance with Section 8.423 of the

Charter of the City and County of San Francisco

THE HEALTH SERVICE BOARD

announces its

ANNUAL PUBLIC HEARING MEETING

to be convened on

THURSDAY EVENING, JANUARY 15, 1976

AT 6:00 P.M.

in the

BOARD OF SUPERVISORS - COMMITTEE ROOM

ROOM #228

CITY HALL

SAN FRANCISCO, CALIFORNIA

A L L A R E I N V I T E D T O A T T E N D

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'A'
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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

MONDAY, FEBRUARY 09, 1976 - 1:30 P.M.

A G E N D A

DOCUMENTS

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Paretchan, Harry
   Hassing, Robert — Toomey, Thomas A.
   Lucibello, Frank — Barbagelata, John J.

4. Minutes of Regular Meeting - January 13, 1976, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman Harry Paretchan.

   No appeals requested as of date of publication. Appeals will be heard, however, if received subsequent to publication of this Agenda.

7. Rate Committee.

   a. Benefits and Rate Structure 1976-1977 - Chairman Frank Lucibello.

8. Old Business.

9. New Business.

10. Executive Director's Report.

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'C'

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

MONDAY - FEBRUARY 9, 1976 - 1:30 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 1:30 P.M. with Commissioner Abraham Bernstein presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D. Lucibello, Frank
Hassing, Robert Toomey, Thomas A.

ABSENT: Barbagelata, John J. - excused
Paretchan, Harry - excused

4. Motion by Commissioner Toomey, seconded by Commissioner Hassing, that the Minutes of the Regular Meeting of January 13, 1976 be approved as submitted.

There being no objections, it was SO ORDERED.

5. ACTUARIAL REPORT. Mr. Juan B. Rael, Actuary, submitted the general report with statistical survey attached for the months of July through January, 1976. Also attached is the San Francisco Medical Society Health Plan, Inc. report on the claims activity for Blue Cross members for the month of January.

Mr. Rael in commenting on Plan I, stated that the loss ratio for the Basic Benefits remained at 91%, the same as shown last month, but that the Major Medical had increased from 92% to 97%. He stated that Blue Cross reflected a loss ratio of 97% for the same period. The 77% loss ratio shown for January could be deceptive because there was a build up in January claims that were paid in February. The loss ratio for February could possibly be over 100%.

Mr. Bride commented on the low claim ratio of 82% for the Retired and Resigned in Medicare intimating that for such a low loss ratio no improvements are being considered for that category who need the care most. He compared coverage for the active and Retired stating that the Retired paid $6.70 and the active nothing. He suggested that for the Retired the major medical deductible be lowered to $50.00. It was brought out that because of the Charter the major medical deductible could not be lowered to $50.00 for one group only and that it was not financially sound to adopt it for all members at this time.

Mr. Kearney in clarifying the point told the Board that Mr. Bride was not taking into consideration that the active employee is paying 5.85% of his salary on $14,000 each year toward Social Security; that the Retired employees are receiving their Basic Benefits from Medicare at $6.70 and the City is providing the major medical at no cost. Mr. Kearney further explained the situation with the retired employee; that this City is subsidizing in excess of 2,000 retired members not enrolled in Medicare at the rate of $46.09 per month and for those enrolled in the 'B' portion but do not qualify at no cost for the 'A' portion, is providing hospitalization benefits under the Basic plan. He mentioned that all is being done for that group that can possibly be done. He stated

5. ACTUARIAL REPORT (Continued)

that there might be a way of eroding this surplus to the retired through higher payments on the balance not paid by Medicare through our major medical carrier. A study would have to be made by Phoenix Mutual.

Mr. Lavine stated that Blue Cross is in sympathy with the Medicare group but that the situation is unfortunate in that (1) Blue Cross recognizes Medicare's level of payment which is lower than their usual level of payment for active employees, and (2) because of the Medicare system being in their companion plan which is offered to this group.

6. RATE COMMITTEE. Chairman Frank Lucibello reported that the Rate Committee had met on January 28. He read off the proposed benefits and asked Mr. Kearney to elaborate on the subject. Mr. Kearney referred to Mr. Rael's letter of February 9, 1976, with its attachment forwarded to the Board members. The situation is that the cost of the additional benefits will be $2.75 per month for the individual member; $5.22 for the member plus one and $4.19 for the member plus family. If the Board intends to keep approximately the same "out-of-pocket" costs - it will cost approximately $304,000.00 to carry the plus one category and approximately $127,000.00 to carry the plus family. If additionally the vision care plan is to be subsidized from reserves in the System, the cost would be in the neighborhood of $188,000.00. The sum of these three figures comes to $619,000.00. Mr. Kearney informed the Board that there was some question as to the wisdom of tapping our reserves this amount in light of the increased benefits and not having sufficient information on the loss ratio for the new fiscal year. He referred the matter to Mr. Rael for further discussion.

Mr. Rael referred to the exhibit attached to his letter. He explained the figures on the schedule showing the costs for all categories on the improved benefits, major medical and the contribution adjustments to include the Vision Care Plan. He reiterated much of Mr. Kearney's information, stressing the amounts to be subsidized out of reserves during the 1976-1977 fiscal year.

Commissioner Lucibello stated that one consideration of the Rate Committee was to hold the line on the cost to the family which meant that we would have the same total cost next year as this year.

Mr. Rael recomputed the cost for all categories and arrived at the following figures: Active paying $1.00 instead of .50¢, 1st Dependent paying $2.00 additional; and the family paying approximately $1.00 additional. This computation reduced the $619,000.00 figure to approximately $480,000.00.

Mr. Kearney reminded the Board that with the average operating capital, plus an additional fluctuating balance in the Trust Fund, (the account that feeds the operations account) plus $132,000.00 deferred credit, (a result of the hidden surplus that accrued when Kaiser rate was considered lower than the City subsidy in Fiscal Year 1974-1975), that there would be sufficient capital available to deliver the changes. After discussion, the following contract rates were adopted by the Board: $28.30 for the individual; $29.69 for the first Dependent; and $48.77 for the family. These figures would equate with $422,000.00 to be subsidized out of Health Service Reserves.

Motion by Commissioner Toomey, seconded by Commissioner Hassing, that the rates as outlined above be adopted.

There being no objections, it was SO ORDERED.

6. RATE COMMITTEE (Continued)

Mr. Kearney announced that Kaiser increased their rates approximately 12.9% and are including a vision plan.

Commissioner Bernstein opened the discussion on the Blue Cross plan and referred the Board to the letter dated February 6, 1976 from Blue Cross which indicated a 24.8% increase for Fiscal Year 1976-1977. He gave them the present contract rates so that they could be compared to the proposed rates: $50.90 against $63.52 for the employee; $86.70 against $108.20 for employee plus one; $101.92 against $127.20 for employee plus family. He stated that in view of the 12.9% increase by Kaiser, 24.8% was prohibitively high.

Commissioner Bernstein stated that it isn't fair to pass on the rates since they were only received today at this meeting; he felt that a special meeting should be called. Tuesday, February 17 at 4:00 P.M. was set for the Special Meeting.

PROPOSED VISION PLAN. Mr. Rael recommended that the Board adopt the proposal submitted by California Vision Service due to their broad exposure in this field and for the three following reasons:

1. He feels more confident about their rates in view of Blue Cross just beginning in the Vision Care field;
2. The retention of 10% proposed by CVS as compared to the 15.3% quoted by Blue Cross;
3. Most important is that CVS is the most experienced provider of vision services.

The Vision plan is to cover active employees and dependents in Plan I and the retired members and dependents enrolled in Basic benefits. The California Vision Service is to arrange for mailing of the membership cards and brochures.

Motion was made by Commissioner Toomey, seconded by Commissioner Lucibello, to accept the Vision Plan with the composite rate of $2.75 for active employees and dependents and the retired members and dependents in Basic benefits.

There being no objection, it was SO ORDERED.

7. NEW BUSINESS. Regarding Mr. Hodges complaint, Mr. Kearney told Mr. Hodges that it might be better that he have his wife drop Medicare and come into Basic Benefits, to which Mr. Hodges answered that he wished to have his wife drop Medicare.

Commissioner Bernstein requested that Mr. Hodges present all the facts and that his case would be brought up before the Appeals Committee.

8. There being no further business to come before the Board, the meeting was adjourned at 2:50 P.M.

Respectfully submitted,

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR FEBRUARY 9, 1976
MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Benefit for July through January 1976

	Contributions	Claims	Claim Ratio
Active Employees	$ 1,225,831	$ 1,105,494	90%
Retired & Resigned	372,727	366,414	98
Adult Dependents	757,151	642,522	85
Minor Dependents	300,175	299,044	100
TOTAL	$ 2,655,884	$ 2,413,474	91%

(2) Experience under Part I - Major Medical for July through January 1976

	Premium	Claims	Claim Ratio
Active Employees & Dependents	$ 558,670	$ 538,509	96%
Retired & Resigned (No Medicare)	142,900	182,033	127
Retired & Resigned (Medicare)	273,979	225,014	82
TOTAL	$ 975,549	$ 945,556	97%

(3) Experience under Blue Cross - Plan III

	Premium	Claims	Claim Ratio
July 1975	$ 202,509	$ 198,741	88%
August	212,691	183,869	86
September	206,371	241,261	117
October	211,264	248,542	118
November	209,209	223,157	107
December	281,135	235,035	84
January 1976	208,832	160,794	77
TOTAL	$ 1,532,011	$ 1,491,399	97%

R A E L & L E T S O N
Consulting Actuaries

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HEALTH SERVICE SYSTEM
OF THE CITY AND COUNTY OF SAN FRANCISCO

SPECIAL MEETING OF THE HEALTH SERVICE BOARD
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - FEBRUARY 17, 1976 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance

3. Roll Call:

Barbagelata, John J.	Lucibello, Frank
Bernstein, Abraham, M.D.	Paretchan, Harry
Hassing, Robert	Toomey, Thomas A.

4. Discussion of Complete Rate Structure for Fiscal Year 1976-1977.

    1. City Administered Plan (Plan I)

    2. Kaiser Foundation Health Plan (Plan II)

    3. Blue Cross of Northern California (Plan III)

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'C'

HEALTH SERVICE SYSTEM
SPECIAL MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - FEBRUARY 17, 1976 - 4:00 P.M.

1. The Special Meeting of the Health Service Board was called to order at 4:00 P.M. with President Harry Paretchan presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D. Paretchan, Harry
Hassing, Robert Toomey, Thomas A.
Lucibello, Frank

ABSENT: Barbagelata, John

4. Discussion of the rate structure for fiscal year 1976-1977 started with reviewing rates for Plan I. President Paretchan asked Mr. Kearney to report on the rates that were accepted. Mr. Kearney reported that the rate schedules had been completed for the two plans. The rates for Plan I for the three important categories are:

Employee	.50¢	increase	from	$ .50	to	$ 1.00 per month
Employee + 1	.87¢	"	"	$29.69	to	$30.56 " "
Employee + Family	.93¢	"	"	$47.84	to	$48.77 " "

Mr. Rael confirmed that these rates are in accordance with instructions per meeting of February 9, 1976. Mr. Kearney added that the Vision Plan was included in the package at this rate and that it would be offered to the active employees in Plan I and their dependents and to the retired members not in Medicare. Members in Medicare are offered a vision plan and will not be covered by this plan.

Mr. Kearney informed the Board that the subsidies required for all the three categories, together with the subsidy for the vision plan, will total approximately $422,000. Mr. Kearney reported that Kaiser rates had increased 12.9% and are as follows:

Employee	$1.16	increase	from	$ 1.31	to	$ 2.47 per month
Employee + 1	$4.91	"	"	$27.33	to	$32.24 " "
Employee + Family	$8.31	"	"	$50.67	to	$58.98 " "

The only improvement offered in the Kaiser Plan for the fiscal year is the vision plan. Mr. Kearney read the language submitted by Kaiser to be inserted in the comparison sheet.

Mr. Kearney called the Board's attention to a three page letter showing the experience laid out by Blue Cross since coming to this system in 1971. According to the figures, they have taken a considerable loss and are requesting a 24.8% increase.

The rates for Blue Cross are as follows:

Employee	$10.03	increase	from	$26.19	to	$36.22 per month
Employee + 1	$18.91	"	"	$61.99	to	$80.90 " "
Employee + Family	$22.69	"	"	$77.21	to	$99.90 " "

President Paretchan questioning the high rate increase, told Mr. Lavine that in reviewing the loss ratios for Blue Cross, he found that Fiscal Year 1974-1975 showed an 85% loss ratio and 1975-1976, a 97%, a considerable improvement from the 105% in past years. He felt the 24.8% to be out of line.

Mr. Lavine answered that the loss ratio on the monthly reports have not included the incurred figures. The report shows the income received and the paid claims. It does not include the retention figure which is the administrative cost incurred by Blue Cross and the San Francisco Medical Society Health Plan. Should the contract be cancelled, it does not include the unpaid claims by Blue Cross and San Francisco Medical Society Health Plan. Mr. Lavine claimed that the retention is 8% and to this amount can be added an additional percentage for estimated unpaid claims. He mentioned that his reason for submitting his letter of February 6 was to give a recap showing the experience on a 6-month basis, 100%, and a year basis, at 95.3%; the period July 1, 1974 to July 1, 1975 showed a 86.2% loss ratio. These figures do not include the claims already incurred but not yet reported or processed.

Mr. Lavine referred to Blue Cross letter of February 16, giving the experience from inception showing the amount of retention at $884,804 and paid claims at $10,261,789; there is a small differential left for incurred claims. The trend they anticipate for next year is considerable. Professional services are being increased 11% due to fee increases. To this must be added the projected trend in the increase of hospital and utilization.

Mr. Rael's comments were that Blue Cross had lossed approximately $250,000 in the past 5 years; they could be dropped, but it would be too late to find a carrier to replace them. He felt the increase fair. Another factor to consider was that if there was an exodus from Blue Cross to Plan I, the better risks would transfer which would bring the loss ratio higher than projected.

President Paretchan asked Mr. Rael the percent increase on Plan I rates not including the subsidies. Mr. Rael could not answer, but commented that Plan I was fortunate in that it was inflation proof. Where Plan I had built-in limits and amounts over and above the basic benefits going into major medical, the Blue Cross Plan is wide open; everything is covered and the impact has been about 15% annually. He would say that the major medical impact has been like 20% and only about 1% in the basic benefits. He would guess that had we retained the plan arrangement, our cost difference might be 3% to 4%, as compared to 25%.

President Paretchan asked Mr. Rael if $25.00 were added to the family rate what additional benefits could be provided. His point in asking this was to remind Mr. Rael that for the past 5 years he has been suggesting to introduce into the System a Plan I 'A' and 'B', low and high option plans.

Mr. Rael felt that features in Blue Cross could not be duplicated in Plan I. There are many advantages with Blue Cross in the hospital, and the liaison between doctors which we do not have, because essentially we are an indemnity plan. It is essentially a different plan than Plan I and another fact is that the people who chose Blue Cross are sick risks and chose it because it is a Cadillac plan.

President Paretchan suggested that we devise a Cadillac plan. Mr. Rael suggested that we contract with San Francisco Medical Society and ask them to recognize our schedule as the usual and customary to replace that of Blue Cross.

To Mr. Hassing's question as to what the cost would be in administration were Plan I to be increased, Mr. Rael answered that the big advantage to Plan I is that the administration is borne by the taxpayers.

Mr. Kearney, through the chair, questioned Blue Cross's retention stating that at $181,000 a year to serve an account of 3,200 active employees equates with $56.00 per year per employee. Plan I is doing the same thing for 11,600 employees, plus controlling membership for Phoenix Mutual, Kaiser and Blue Cross for approximately $40.00 per employee per year. Mr. Kearney felt that there is something in this retention figure that Blue Cross purports to have that we don't see; that there could be a difference in the understanding of the term, retention, by both Blue Cross and our administration. Mr. Rael attested the retention figure and added that you would have to go out to the open market and find a comparable group to serve a group of this size; and that you would be charged 7½%. He mentioned that we do not realize the advantage of self-funding.

Mr. Kearney mentioned that it was not a question as to who is paying for it. We are talking about a distinct comparison of rates. He asked Mr. Rael for a clear definition of retention and for all elements included. He felt that we are paying too much. If there is a profit, it has to be from the cash figures from the premiums versus claims. Mr. Rael answered that it has nothing to do with premiums or claims; it is their assessment of what the expense charges are; he added that it would be comparable to any other contractor's fee for administration. Mr. Kearney stated that he was not arguing that point, but added that the understanding of retention differs by both parties.

Commissioner Bernstein posed the question to Mr. Lavine, what would happen if there was a great exodus of Blue Cross members into Plan I and Blue Cross would only sign up 2,000 people. Mr. Lavine answered that Blue Cross has considered it a major problem because if there is a large exodus into Plan I, it would be the healthy members. Blue Cross wanted to include a vision care plan but could not afford to. He claimed that whatever the outcome of the open enrollment would be in May, that Blue Cross would be in a worse position and would lose. Even though the projection of 7.7% is based on 3,200 members, they will still hold the retention. The retention will not be adjusted. When asked if the membership loss should reach 50% would they be willing to continue, Mr. Lavine answered that they would absorb the loss and would continue the same quality of service.

Mr. Lavine was asked if Blue Cross would continue if the membership number would fall below a certain number, to which he answered that there has never been a fixed number. The position of Blue Cross top management is to continue the contract effective July 1, 1976. If something drastic were to happen, Blue Cross could give you 30 to 60 days notice or the Board to give Blue Cross 30 to 60 days notice of intent to terminate. He did not think that would be their position. He mentioned the inability of the City's computer to handle a man's out-of-pocket expense over $99.99 and that unless arrangements were made to accommodate a higher figure, he envisioned problems next year; the contract would not be renewed, and Plan I would automatically absorb the enrollment. That is what they are trying to avoid, in giving a renewal projection. They will continue the risk hoping that it does not become worse.

If there would be an influx into Plan I, Mr. Kearney mentioned that he would need at least three extra employees, that membership could handle it, but they would be needed in claims. If Plan I had to handle 3,200 members, plus dependents, the office set-up would have to be changed, i.e.; membership division moving to the front of the building with claims occupying the entire present area.

Mr. Toomey asked Mr. Lavine how soon after the sign-up period in May 1976, would Blue Cross know if they could continue their contract until June 30, 1977; and stated further that we would have to know quickly if any change was contemplated. Mr. Lavine answered that immediately after the May enrollment they will be able to project the future and further guaranteed that Blue Cross would not create any slack by terminating within 60 days. They

will continue as before, but if they find it totally impossible, they would cooperate to make the transition as easy as possible. He further stated that by contract they would assure 60-day notification of intent to cancel and that this language would be in the renewal contract.

Mr. Rael, at that point, brought out that Blue Cross rates as they stand are conditional and that there should be a commitment for the entire fiscal year. President Paretchan added that if they felt that they were not going to be able to fulfill the contract, that it should be stated right now.

Mr. Kearney, through the Chair, brought out that there has never been a contract with Blue Cross; that it has been an agreement, no binding contract; that there has been a clause that either party to the agreement can cancel out in writing on notification within 60 days.

Commissioner Toomey asked Mr. Lavine whether Blue Cross would be willing to drop that 60-day clause from the agreement. Mr. Lavine answered that he would have to request that of the legal Counsel, as that is a clause with all groups and added that it is their intent to deliver for 12 months; but it was brought out that in good faith they could still fall back on their escape clause.

Commissioner Toomey felt that if we were going to proceed, the 60-day clause should be eliminated and that the prepared rates should be binding for a twelve-month period. Mr. Lavine was excused to consult with Blue Cross top management and legal counsel.

Mr. Kearney, through the Chair, brought the Board's attention to Blue Cross letter dated February 16 showing income of Blue Cross at $11,332,757, paid claims $10,261,789, and retention at $884,804 which leaves a balance of $186,164. He wanted to know if with this unique situation S.F. Medical Society processing medical claims, whether there was another cost factor to be added to this retention figure and what additional percentage should be added to cover it.

Mr. Rael explained that it is not as complex as it shows on the surface. The income shown is that received through December 31, 1975. They have actually paid in claims the $10,261,789, but that they have substantial claims that have been incurred prior to January 1, 1976 that are not shown. It has nothing to do with retention. It represents an obligation of Blue Cross for claims incurred prior to January 1, 1976, October through December. Retention is expenses they incurred up until that point of time. This answer failed to completely satisfy Mr. Kearney's question.

Mr. Lavine returned to the meeting to inform the Board that while the 60-day notification clause is a standard Blue Cross clause, for the record, it will not be implemented prior to July 1977. Mr. Lavine told the Board that that fact would be confirmed in writing. He also assured the Board that by October 1976, Blue Cross can project to you whether they feel that there is sufficient membership retained to continue the program.

Mr. Hodges again requested that the Board review benefits for those in Medicare (dependents in Medicare). President Paretchan called on Mr. Kearney to answer.

Mr. Kearney stated dependents are not subsidized in this system, the Charter specifically covers subsidy for employee only; the family coverage is the employee's responsibility. In an attempt to relieve Mr. Hodges' problem with his seriously ill wife, a Medicare supplemental plan entitled "Supplementary Protection" was distributed. This brochure

contains a voluntary medicare supplement which is a good one and which could help Mr. Hodges; it could also help many other retired members in this category. Mr. Bride will speak on the brochure at the next Retired Employees Meeting and if it is received favorably, a presentation will be scheduled to inform the total membership. Mr. Grant Anderson offered the Plan and has agreed to make the presentation, when requested.

Mr. Hodges commented that under existing conditions, his wife would have to wait one year. Mr. Kearney answered that his situation was unique and that the system was not financially able to handle it. He told him that he would have to seek insurance on the outside. He told him that had his wife not voluntarily signed up for Social Security and Medicare, she would still be receiving all Blue Cross benefits.

Mr. Hodges stated that he consulted the Health Service System prior to her signing up with Medicare and he was told and that it was in writing that his wife had to join Medicare; that she had no choice and that if she did not enroll his wife would be dealt with as though she had it; that if she had never worked she would not be eligible for Social Security and Medicare. Mr. Kearney reminded Mr. Hodges to write and present his problem in a letter to the Health Service Board, so that it can be presented to the Appeals Committee.

President Paretchan asked for a motion to accept the rates.

Motion was made by Commissioner Toomey and seconded by Commissioner Lucibello, to accept the Blue Cross rates as presented.

There being no objections, it was SO ORDERED.

5. Mr. Kearney informed the Board that he had received the calendar from the Board of Supervisors, Legislation and Personnel Committee and that the proposed Charter amendment authored by Supervisor von Beroldingen, relative to Board of Supervisors approval of all Health Service System expenditures was calendared. Mr. Kearney further stated that this proposed amendment served no useful purpose and that the Health Service System seemed to be treated separately by it.

President Paretchan agreed that the Health Service System has been singled out and felt that we should respond. Mr. Kearney was directed to represent the Health Service System at the meeting to explain our situation.

6. There being no further business to come before the Board, the meeting was adjourned at 5:07 P.M.

Respectfully submitted,

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY, MARCH 9, 1976 - 4:00 P.M.

DOCUMENTS
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A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. — Paretchan, Harry
   Hassing, Robert — Toomey, Thomas A.
   Lucibello, Frank — Barbagelata, John J.

4. Minutes of Regular Meeting - February 9, 1976 submitted for approval.

5. Minutes of Special Meeting - February 17, 1976 submitted for approval.

6. Actuarial Report - Mr. Juan B. Rael, Jr.

7. Appeals Committee - Chairman Harry Paretchan.

   a. Richard D. Hubert - HSS 30743 - Disability Retiree requesting to add a new wife.

   b. Beth Papke - Temporary 1835 Administrative Assistant requesting membership in Health Service System.

8. Rate Committee - Chairman Frank Lucibello.

9. Old Business

   Voluntary Members - Contract Rate or Subsidized Rate.

10. New Business.

11. Executive Director's Report.

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'C'

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY, MARCH 9, 1976 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Harry Paretchan presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D.
Hassing, Robert
Lucibello, Frank
Paretchan, Harry
Toomey, Thomas A.

ABSENT: Barbagelata, John J.

4. Motion by Commissioner Toomey, seconded by Commissioner Hassing, that the Minutes of the Regular Meeting of February 9, 1976 be approved as submitted.

There being no objections, it was SO ORDERED.

5. Motion by Commissioner Toomey, seconded by Commissioner Hassing, that the Minutes of the Special Meeting of February 17, 1976 be approved as submitted.

There being no objections, it was SO ORDERED.

6. ACTUARIAL REPORT. Mr. Juan B. Rael, Actuary, submitted the general report with statistical survey attached for the months of July through February, 1976.

Mr. Rael commented on all three plans stating that Plan I Basic Benefits continued well with a 91% loss ratio for the 8-month period; the loss ratio for Major Medical went up 1% to 98%. Blue Cross had a horrendous month in February with 142% which increased their loss ratio from 97% to 103% for the same period. He stated that this is academic as all the rates had been established for the coming Fiscal Year.

7. APPEALS COMMITTEE. President Harry Paretchan, Chairman, reported the recommendations made by the Appeals Committee on the following:

a. Richard D. Hubert - HSS 30743 - Disability Retiree requesting to add his new wife.

RECOMMENDATION: He be allowed to add his wife.

b. Beth Papke - Temporary 1835 Administrative Assistant requesting membership in the Health Service System.

RECOMMENDATION: She be allowed membership for the remainder of the present fiscal year. Continued membership will be subject to review of the Health Service Board at its May meeting.

Mr. Kearney, through the Chair, asked that since Mr. David Hodges was at this meeting that his case be discussed.

7. APPEALS COMMITTEE. (Continued)

President Paretchan told Mr. Hodges that he had read his letters and that copies would be forwarded to Blue Cross. He reviewed the facts of the case before the Board; that he was advised by either the Health Service System or Blue Cross personnel that once you qualify for Medicare that you had to go into Medicare, and because of this situation, she is receiving the lesser coverage with Blue Cross. President Paretchan stated that he did not feel it right that once a member or a dependent of the System gets ill, he is to receive lesser coverage. He informed Mr. Hodges that Blue Cross would be contacted to see if they would reinstate his wife again. If Blue Cross is not willing, provision would then be made to transfer his wife to Plan I. Mr. Kearney was instructed to contact Blue Cross immediately.

Mr. Bjorquist was asked if he could speak for Mr. Lavine in this matter. Mr. Bjorquist agreed with President Paretchan's remarks regarding lesser benefits and answered that he could not speak for Mr. Lavine but only as an outside administrator. He stated that they are administrative agents and take their direction from Blue Cross with regard to their contractual obligation. Contractually, when medicare benefits are available, the lesser plan is offered. Whether the contractual wording can be changed during this period or changed administratively, he did not know. Mr. Hodges was asked to come to the Appeals Committee meeting to be held at 3:00 P.M. prior to the meeting on April 13, 1976. If at that time the case is not resolved with Blue Cross, action would be taken by the Board.

8. RATE COMMITTEE. Commissioner Lucibello reported on the new rate and benefits approved by the Rate Committee at its special meeting of February 17, 1976 for the three Plans effective July 1, 1976.

PLAN I - Basic Benefits were increased as follows:

Hospital Room and Board $20 - to $120.

Hospital Extras $400 - to $2,400.

Medical Visits $2 - to $12.

X-Ray and Lab $50 - to $200.

Maternity $300 - increasing hospital and normal delivery to $600 each - $1,200 total.

Ambulance Allowance $25 - $100.

9. OLD BUSINESS. President Paretchan stated that the item of Voluntary Members would be heard by the Appeals Committee and held over until the May meeting; that Kaiser Foundation Health Plan and Blue Cross would be contacted to see whether they could provide a plan for such members.

Mr. Kearney reported the following:

a. The rates as submitted were before the L & P Committee last Tursday, March 4, and heard on March 8 before the Board of Supervisors and approved for the second passage on March 15, 1976.

b. 40,000 Comparison of Plans sheets are being printed and will be received by March 25.

9. OLD BUSINESS. (Continued)

c. The updated Rules and Regulations have not been distributed. Only 1500 were received. They will be distributed when the balance, 13,500 arrives here from Phoenix Home Office in Connecticut.

10. NEW BUSINESS. Mr. Kearney reported the following:

a. Work has been started with the vision plan; that Data Processing is preparing a list of those who will be covered by the vision plan. The list will be completed with addresses by the Membership Section. Due to the fact that California Vision Service have agreed to obtain the addresses and addressing the brochures, plans are that the money will be forthcoming from the California Vision Service to pay to our personnel for the time spent; the mailing will include 11,600 members.

Since the retention was at 10% and the magnitude of the mailing would be exorbitant, Mr. Kearney suggested that possibly the retention could be increased 1% to absorb some of the cost of the mailing.

Mr. Rael suggested that it be discussed and also suggested sharing the expense, to which Mr. Kearney answered that it could not be done through the Health Service System Trust Fund.

b. He had contacted the Real Estate office again to obtain the front office. He projected the work that would be entailed and the space needed should there be a mass exodus of Blue Cross members into Plan I and also should the dental plan be implemented.

11. EXECUTIVE DIRECTOR'S REPORT. Mr. Kearney reported that the Health Service System was functioning well and that there were approximately 400 unprocessed claims on hand including Basic Benefits and Major Medical as of Monday morning, March 8, 1976.

Respectfully yours,

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR MARCH 9, 1976

MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Benefit for July through February 1976

	Contributions	Claims	Claim Ratio
Active Employees	$ 1,394,428	$ 1,265,695	91%
Retired & Resigned	428,088	424,594	99
Adult Dependents	860,920	739,202	86
Minor Dependents	341,314	323,100	95
TOTAL	$ 3,024,750	$ 2,752,591	91%

(2) Experience under Part I - Major Medical for July through February 1976

	Premium	Claims	Claim Ratio
Active Employees & Dependents	$ 635,344	$ 618,062	97%
Retired & Resigned (No Medicare)	164,325	209,981	128
Retired & Resigned (Medicare)	313,185	263,549	84
TOTAL	$ 1,112,854	$ 1,091,592	98%

(3) Experience under Blue Cross - Plan III

	Premium	Claims	Claim Ratio
July 1975	$ 202,509	$ 198,741	98%
August	212,691	183,869	86
September	206,371	241,261	117
October	211,264	248,542	118
November	209,209	223,157	107
December	281,135	235,035	84
January 1976	208,832	160,794	77
February	208,158	295,086	142
TOTAL	$ 1,740,169	$ 1,786,485	103%

RAEL & LETSON

Consulting Actuaries

JBR:lc
3/9/76

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(2) Expenditures under Title I - Elementary and Secondary Education Act

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY, APRIL 13, 1976 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Barbagelata, John J.
Bernstein, Abraham, M.D.
Hassing, Robert
Lucibello, Frank
Paretchan, Harry
Toomey, Thomas A.

4. Minutes of Regular Meeting - March 9, 1976, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman Harry Paretchan.

No appeals requested as of date of publication. Appeals will be heard, however, if received subsequent to publication of this Agenda.

7. Old Business.

Discussion of alternatives relative to appeal presented by Mr. David Hodges at regular Board Meeting held March 9, 1976.

8. New Business.

Additional Office Space for Health Service System.
Implementation of Vision Care Plan.

9. Executive Director's Report.

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'C'

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY, APRIL 13, 1976 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Harry Paretchan presiding.

2. Pledge of Allegiance.

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3. Roll Call:

PRESENT: Hassing, Robert — Paretchan, Harry
Lucibello, Frank — Toomey, Thomas A.

ABSENT: Bernstein, Abraham, M.D. - Excused
Barbagelata, John J.

4. Motion by Commissioner Toomey, seconded by Commissioner Lucibello, that the Minutes of the Regular Meeting of March 9, 1976 be approved as submitted.

5. ACTUARIAL REPORT. Mr. Juan B. Rael, Jr. reported that he submitted his actuarial report which was a summary of the study made by the Rate Committee and the full Board on the rates for 1976-1977. He mentioned that he had not submitted one last year, but that this report would be a good starting point for setting rates for 1977-1978.

Mr. Kearney mentioned that he was going to give the report to Mr. Jim Shetley, Phoenix Mutual Representative, to review before distributing it to the Board. Mr. Rael reported that the claim ratio for Plan I Basic Benefits was 93% and the Major Medical, 99%. The Blue Cross claim ratio of 150% for March indicated a claim-catchup for the month of February and March.

6. APPEALS COMMITTEE. President Paretchan reported a case regarding requested membership for a second wife of a retired City employee. While the matter has been reviewed before, he now put the question before the Board; "Should these individuals be allowed into the System?" He asked Mr. Rael if this would affect the System actuarially bringing out the fact that there are only 5 or 6 such requests each year.

Mr. Rael answered that this would not create any serious problem and that there would not be any more of a risk than with other retired dependents.

Commissioner Toomey asked Mr. Rael, if he remembered the purpose of the rule, stating that he felt that it was designed to prevent someone who did not claim his dependent in his working years and then prior to retirement brought her in.

Mr. Rael answered that he did not recall any questions being raised regarding the rule. He felt that actuarially it would not affect the System and that he saw no reason that the Rule could not be changed and adopted by the Board.

Mr. Kearney brought out the fact that in June 1971 the ten-year rule was changed to 5 years; he felt that the reason for the rule was that people under the old Charter, police and fireman namely, enrolled only in the Widows and Orphans because they did not

6. APPEALS COMMITTEE (Continued)

want to be paying for medical insurance and then requested enrollment in the Health Service System in their twilight years. He felt that the Rule was adopted to prevent that situation.

President Paretchan made the recommendation that Mr. Robert J. Hanssen, the member registering the complaint, be allowed to add his second wife and that the Rules Committee review the matter so that a rule change could be considered at a later date.

Motion was made by Commissioner Toomey, seconded by Commissioner Lucibello, that Robert J. Hanssen be allowed to add his second wife and that a possible change in the Rule be discussed further.

There being no objections, it was SO ORDERED.

7. OLD BUSINESS.

a. President Paretchan reported that Mr. David Hodges was informed of the benefits offered by both Blue Cross and Plan I for his seriously ill wife and that he should decide which of the plans he preferred.

b. President Paretchan told Mr. Lavine that the Board was trying to select alternate plans for some 1500 temporary employees that would be totally paid for by the employee. He also mentioned that 60 odd voluntary members, Commissioners, Aides, etc., are presently being carried in this System as subsidized members but should be paying the contract rate.

He further explained that this condition was brought about many years ago when the City and County of San Francisco was contributing a very small amount toward employees medical care.

Since the 60 members were brought in by special action of this Board, it required special Board action to change. It appears that there would be options available:

1. Terminate them from the System.
2. Allow them to pay the contract rate.
3. Offer a plan available for their needs.

Commissioner Toomey mentioned that he understood that the member would not be terminated but that the subsidy would be terminated. Commissioner Toomey was called from the Board room to answer an important phone message; his departure necessitated President Paretchan recessing the Board meeting at 4:25 P.M. for 5 minutes for the lack of a quorum. Upon Commissioner Toomey's return at 4:30, President Paretchan reconvened the Board and continued with the Calendar.

8. NEW BUSINESS.

a. Mr. Kearney mentioned that he had sent correspondence to the Board regarding additional office space for the Health Service System. No response had been received. He mentioned that plans are underway to buy the State Compensation

8. NEW BUSINESS. (Continued)

Building in order to combine the Health Service System, Retirement System and Civil Service. He did not feel that it could be done as the Retirement System, an agent of the City and County of San Francisco cannot hold title to real property in its own name.

b. Mr. Kearney mentioned that he and Walter Ceccato had travelled to Sacramento to visit the California Vision Service Facilities. They thoroughly examined and investigated the facilities and found them to be a first-class organization and their operation simple but thorough and conducted on a professional basis. They fill 1,100 prescriptions a week and are up to date; that he looks forward to a successful contract with them. 10,982 names were obtained for them by the Health Service System staff. A check in the amount of $1,750 has been received to pay for it and it has been deposited against a special appropriation for the payment of overtime.

The lists are being computarized by California Vision Service. Two sets will be run. We will receive an updated list from them with all the gum labels, and they will allow us to insert a written letter in laymen's language in the packet mailed to all Plan I eligible members. The Brochure has been refined, line by line with Mr. Roger Valine. All inclusions, exclusions, benefits and eligibility have been clearly defined.

Mr. Valine will visit the Health Service System office to speak with the entire Health Service System staff to explain in detail all the technical workings of the Vision Care Plan.

c. President Paretchan announced that there would be an election for two members of the Board; for his seat and a new member. Mr. Kearney announced that there were 9 candidates as of this date; 2 candidates running against President Paretchan and 6 running for the other seat.

Commissioner Lucibello proposed a motion that 60 days be given to the members to pay their dues, to which Mr. Kearney, through the Chair, stated it would conflict with the Rules.

9. EXECUTIVE DIRECTOR'S REPORT. Mr. Kearney reported the following:

a. Stated that there has been 100% attendance of personnel since the beginning of the strike.

b. The office work load and operation are in good order.

c. That 75% of the Comparison of Plans sheets have been distributed.

d. Mr. Kearney referring to Commissioner Lucibello's proposed motion under New Business, stated the following relating to delinquent dues:

When a member on strike becomes delinquent he will be picked up by the computer as not having paid for that particular Bi-Weekly period. All of these 'kick outs' by the computer are placed on a separate roll and forwarded to the Health Service System as Plan X roll. This roll must be reconciled by our staff, i.e., if a member pays over the counter the posting is made to Plan X and the delinquency is eliminated.

9. EXECUTIVE DIRECTOR'S REPORT. (Continued)

There is no money strain on this system due to delinquency as we control membership and forward to the contractors only the amounts collected.

Some problems could arise when claims in Plan I continue to be processed in spite of the delinquency. We will watch this closely and not allow it to get out of hand.

10. Commissioner Lucibello moved that the meeting adjourn in memory of Mr. Daniel McDonagh who passed away on March 11, and it was seconded by Commissioner Hassing.

There being no further business to come before the Board, the meeting was adjourned at 4:40 P.M.

Respectfully submitted,

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR APRIL 13, 1976

MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Benefit for July through March 1976

	Contributions	Claims	Claim Ratio
Active Employees	$ 1,562,318	$1,447,752	93%
Retired & Resigned	486,506	503,633	104
Adult Dependents	965,369	842,217	87
Minor Dependents	382,723	377,780	99
TOTAL	$ 3,396,916	$3,171,382	93%

(2) Experience under Part I - Major Medical for July through March 1976

	Premium	Claims	Claim Ratio
Active Employees & Dependents	$ 712,069	$ 695,489	98%
Retired & Resigned (No Medicare)	186,933	240,924	129
Retired & Resigned (Medicare)	352,574	305,460	87
TOTAL	$ 1,251,576	$1,241,873	99%

(3) Experience under Blue Cross - Plan III

	Premium	Claims	Claim Ratio
July 1975	$ 202,509	$ 198,741	98%
August	212,691	183,869	86
September	206,371	241,261	117
October	211,264	248,542	118
November	209,209	223,157	107
December	281,135	235,035	84
January 1976	208,832	160,794	77
February	208,158	295,086	142
March	206,766	309,537	150
TOTAL	$1,946,935	$2,096.022	108%

R A E L & L E T S O N

Consulting Actuaries

JBR:lc
4/13/76

C O P Y

SAN FRANCISCO MEDICAL SOCIETY HEALTH PLAN, INC.

250 MASONIC AVENUE • SAN FRANCISCO, CALIF. 94118 • (415) 563-7471

April 5, 1976

Mr. Larry Lavine
Blue Cross of Northern California
350 Sansome Street
San Francisco, CA 94104

Re: Claims Activity for March, 1976
City & County Employees

Dear Larry:

The following represents the claims activity for the City & County of San Francisco employees, enrolled in Blue Cross (Plan III) for March, 1976.

As of February 29, 1976, there were 291 claims on hand. During the month of March , 3,395 claims were received; 3,134 claims were processed; leaving an inventory of 552.

Of the 3,134 claims processed, 38% were from member providers of the Health Plan; 37% from non-member providers; and 25% were applied to Deductible or paid as Major Medical.

Sincerely,

Bob

Robert Bjorkquist
Executive Director

RB/pt

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY, MAY 11, 1976 - 4:00 P.M.

A G E N D A

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1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Barbagelata, John J. — Lucibello, Frank
Bernstein, Abraham, M.D. — Paretchan, Harry
Hassing, Robert — Toomey, Thomas A.

4. Minutes of Regular Meeting - April 13, 1976, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman Harry Paretchan.

Beth Papke - Temporary 1835 Administrative Assistant requesting membership in the Health Service System.

7. Old Business.

Decision to be made as to the status of Voluntary Members in this System, i.e., whether they will continue in the System, pay Contract Rate or Subsidized Rate.

8. New Business

Membership in this System for teachers taking an early retirement to act as consultants in S.F.U.S.D. - Letter from Richard N. Goldman & Company dated April 29, 1976.

9. Executive Director's Report.

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'C'

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

Minutes

TUESDAY, MAY 11, 1976 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Harry Paretchan presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D.
Hassing, Robert
Lucibello, Frank
Paretchan, Harry
Toomey, Thomas A.

ABSENT: Barbagelata, John J.

4. Motion by Commissioner Bernstein, seconded by Commissioner Toomey, that the Minutes of the Regular Meeting of April 13, 1976 be approved as submitted.

There being no objections, it was SO ORDERED.

5. ACTUARIAL REPORT. Mr. Edward Letson, from the actuarial firm of Rael & Letson, in Mr. Juan B. Rael, Jr.'s absence, submitted the general report with statistical survey attached for the fiscal year July through April, 1976. Also attached is the San Francisco Medical Society Health Plan, Inc. report on Blue Cross members for the month of April, 1976.

Mr. Letson reported that the experience for the month of April under Plan I was still favorable dropping from 93% in March to 90% at the end of April; that in spite of the three bi-weekly pay periods during the month of April reflecting a high contribution, Blue Cross and Major Medical reflected adverse experience.

Mr. Kearney commented that the loss ratio of 90% under Basic Benefits is distorted and could easily be 94.8% or 95% in that there were three bi-weekly pay periods and that two rolls in the amount of $175,000 could not be released from the computer section so as to be included in the April report. This distortion will be corrected at the end of the 11th month.

6. APPEALS COMMITTEE. The appeal of Beth Papke, HSS 95118, Temporary 1835 Administrative Assistant, was referred to the item under Old Business.

7. OLD BUSINESS.

President Paretchan explained the problem arising by allowing the Voluntary Members to remain in the System; that originally, when Voluntary Members were admitted into the System, the City was paying $5.00 per employee; however, with the subsidized figure escalating through the years and now reaching the amount of $27.30 per month, it is costing the System in excess of $20,000 per year; he felt that by only admitting Commissioners, Board of Supervisors and their Aides and Judges, a total of 48 members, into the System was not equitable in view of the fact that there are around 6,500 temporary employees

7. OLD BUSINESS.

not given the same privilege; also, that the Health Service System is now being asked to admit several other temporary categories. He stated that the Health Service System is offering 3 options to the Voluntary Members; membership in Kaiser, Blue Cross, or in Plan I paying the contract rate. However, he stipulated that once they terminate, no coverage would be offered to the new replacement.

Mr. Kearney informed the Board that he spoke with Bernard Orsi and learned that 800 to 1,000 non-charter positions are being funded by temporary City money; 3,000 CETA employees who qualify as temporary employees are funded by the Federal government and again there is no differentiation as to their temporary status; that the total 6,500 Temps could demand to be allowed these special privileges. He stated that the Health Service System could not physically handle the 6,500 temporary members with their dependents totaling approximately 15,000; that adding this group to what we already have it would total around 87,500. That was the reason for the Charter language which stipulated that a permanent employee must be a member of the Retirement System in order to qualify for membership in the Health Service System.

Peter Nardoza, Edward Cavagnaro and Pamela Mitchell, Aides from the Board of Supervisors were present. They brought out the hardships that would be created if they were required to pay the full contract rate.

Mr. Lucibello commented that he hoped that sometime in the future temporary employees would be admitted into the System; he felt that coverage was given to different groups previous to 1972 before Proposition 'O' Charter Amendment went into effect subsidizing City employees' medical plan. He suggested that perhaps if the Board of Supervisors could put in a budget request to include them under the contract rate, they could be covered.

Commissioner Hassing proposed that the Health Service Board consider a Charter Amendment to include all the temporary employees and suggested that a special meeting be held and that Mr. Kearney work out the details with Mr. Orsi.

Mr. Kearney in elaborating on Mr. Lucibello's comments, stated that prior to 1972 and since 1961 when the Health Service System became a City Department, it was mandated that the City pay half of the cost of the Employees' medical premiums. The City's half would be restricted by an amount that would equate with .06¢ per 100 of the net tax roll. The net tax figure is divided by the total number of City employees and it equates with the amount for that particular year. In 1971-1972 it equated with $60.00, which came to $5.00 per month; it was at this time the classifications in question were allowed to come into the System, the cost being negligible. At that time San Francisco was the 6th most populous county in the State, and the average contribution by the ten most populous counties was $21.06 per month. The average being contributed by 58 counties at that date was $13.60 and San Francisco due to the Charter structure was contributing only $5.00. Because of Proposition 'O', San Francisco was mandated to pay the average amount that the ten most populous counties were contributing. He explained that the amount escalated from $5.00 to $10.53, to $23.16, to $24.71 and effective July 1, 1976 to $27.30. The subsidy has increased to such an extent that it now costs the System in excess of $20,000 per year to maintain coverage for these special classes.

7. OLD BUSINESS.

Commissioner Toomey suggested that the Voluntary members be given the option to pay the contract rate or join Kaiser or Blue Cross under the Temporary Employee Plan. President Paretchan explained the difference between the permanent and the temporary employee stating that all permanent employees must remain in the System transferring from plan to plan unless they satisfy a requirement for exemption. Whereas the temporary employee has the option to join or not to join.

Commissioner Lucibello made a motion that these members be allowed to remain as Volunteer Members paying the contract rate rather than the subsidized rate.

Commissioner Bernstein suggested that before making the motion that the Board investigate the matter further to see whether a Charter Amendment could be introduced so that temporary members be allowed to enroll in the Health Service System, and that in the meantime, the employees remain in the System paying the subsidized rate until a definite decision has been made.

Commissioner Toomey requested to amend that to include Beth Papke at the subsidized rate. Mr. Kearney informed the Board that Mr. Orsi and Mr. Wurm from the Civil Service Commission have agreed to meet with the Board and explain the pros and cons of the matter; he suggested a special meeting be called and that those in attendance from the Board of Supervisors also be present. The date of the special meeting would be scheduled within the next two weeks.

8. NEW BUSINESS.

Teachers taking an early retirement to act as consultants in the S.F.U.S.D. will be charged the entire subsidy of $52.32 per month. Commissioner Toomey commented that as retired members of the System they would have to be included. It would create a problem in claims processing, which is already working to capacity if a large number in this class were added. Would they meet the retirement criteria? 80% have retired through the State System and 20%, through the City System. Our contingency would be that each would have to meet the City or State requirement for retirement before being accepted as retirees in the Health Service System.

To Mr. Kearney's comment that if the member is retired from the City, he cannot receive two City warrants, Commissioner Toomey stated that apparently they are working out a system. Mr. Kearney stated that he would review the details of the matter with Mr. Hess before writing a letter and expressing an opinion.

9. EXECUTIVE DIRECTOR'S REPORT. Mr. Kearney reported the following:

a. As of May 10, 1976, there have been 85 employees added to Plan I; 65 employees added to Plan II; 100, cancelled out of Blue Cross and 50, out of Exempt. He anticipates approximately 500 would transfer out of Blue Cross by the end of May.

b. That the department had lost 2 permanent positions through Budgetary cuts. (1) a 1476 Sr. Claims Process Clerk and (1) 1630 Account Clerk. Mr. Kearney explained that permanent positions cannot be filled until the accumulated sick leave and vacation of the retiring encumbent has been exhausted. During this period other employees in the department pick up the additional work. Yet the feeling of the budget experts is that the department can operate without them.

9. EXECUTIVE DIRECTOR'S REPORT.

c. The Health Service System is functioning very well; that there were 550 claims both Basic Benefits and Major Medical on hand unprocessed as of May 10; Phoenix Mutual has taken remedial action to process a backlog of some 800 to 900 claims.

d. The unofficial results of the election are that Commissioner Harry Paretchan won his seat and Mr. Walter Johnson from the Retirement System won the other; there was difficulty in the ballot distribution in this election due to the strike; normally 10 - 12,000 ballots would be cast; however, only 6,300 were cast in this election. The strike, plus working teamsters honoring picket lines interferred with distribution. Election protests will be registered by local 400 and at least 2 of the candidates.

e. The list of members eligible for the Vision Plan was forwarded to Sacramento to California Vision Service. The check for overtime from CVS was received and payment for overtime has been made. All members, both active and retired, participating in the Basic Benefits will qualify for the Vision Plan.

f. Requested expenses for John Misegades for period January 1, 1976 until the present time in the amount of $165.00.

It was moved by Commissioner Toomey and seconded by Commissioner Hassing that a resolution be prepared approving the requested amount.

10. There being no further business to come before the Board, motion was made by Commissioner Bernstein, seconded by Commissioner Toomey to adjourn the meeting at 5:15 P.M.

Respectfully submitted,

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR MAY 11, 1976

MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Benefit for July through April 1976

	Contributions	Claims	Claim Ratio
Active Employees	$ 1,782,039	$1,598,586	90%
Retired & Resigned	546,413	550,532	101
Adult Dependents	1,094,026	918,315	84
Minor Dependents	433,730	418,529	97
TOTAL	$ 3,856,208	$3,485,962	90%

(2) Experience under Part I - Major Medical for July through April 1976

	Premium	Claims	Claim Ratio
Active Employees & Dependents	$ 809,605	$ 776,876	96%
Retired & Resigned (No Medicare)	208,641	311,192	149
Retired & Resigned (Medicare)	392,205	341,094	87
TOTAL	$ 1,410,451	$1,429,162	101%

(3) Experience under Blue Cross - Plan III

	Premium	Claims	Claim Ratio
July 1975	$ 202,509	$ 198,741	98%
August	212,691	183,869	86
September	206,371	241,261	117
October	211,264	248,542	118
November	209,209	223,157	107
December	281,135	235,035	84
January 1976	208,832	160,794	77
February	208,158	295,086	142
March	206,766	309,537	150
April	263,106	276,377	105
TOTAL	$ 2,210,041	$2,372,399	107%

R A E L & L E T S O N
Consulting Actuaries

JBR:lc
5/11/76

C O P Y

SAN FRANCISCO MEDICAL SOCIETY HEALTH PLAN, INC.

250 MASONIC AVENUE • SAN FRANCISCO, CALIF. 94118 • (415) 563-7471

May 4, 1976

Mr. Larry Lavine
Blue Cross of Northern California
350 Sansome Street
San Francisco, CA 94104

Re: Claims Activity for April, 1976
City and County Employees

Dear Larry:

The following represents the claims activity for the City and County of San Francisco employees, enrolled in Blue Cross (Plan III) for April, 1976.

As of March 31, 1976, there were 552 claims on hand. During the month of April, 2,463 claims were received; 2,323 claims were processed; leaving an inventory of 692.

Of the 2,323 claims processed, 34% were from member providers of the Health Plan; 41% from non-member providers; and 25% were applied to Deductible or paid as Major Medical.

Sincerely,

Robert Bjorkquist
Executive Director

HEALTH SERVICE SYSTEM
OF THE CITY AND COUNTY OF SAN FRANCISCO

SPECIAL MEETING OF THE HEALTH SERVICE BOARD
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - MAY 25, 1976 - 10:00 A.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance

3. Roll Call:

Barbagelata, John J.	Lucibello, Frank
Bernstein, Abraham, M.D.	Paretchan, Harry
Hassing, Robert	Toomey, Thomas A.

4. Old Business.

Mr. Bernard Orsi, General Manager of Personnel, will discuss the various categories of Temporary Employment in the City and County of San Francisco in the light of assisting the Board in arriving at its decision regarding the continued membership for Voluntary Members in the Health Service System.

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'C'

HEALTH SERVICE SYSTEM
OF THE CITY AND COUNTY OF SAN FRANCISCO

SPECIAL MEETING OF THE HEALTH SERVICE BOARD
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - MAY 25, 1976 - 10:00 A.M.

1. The Special Meeting of the Health Service Board was called to order at 9:45 A.M. with President Harry Paretchan presiding. (The meeting was started 15 minutes early.)

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Hassing, Robert — Paretchan, Harry
Lucibello, Frank — Toomey, Thomas A.

ABSENT: Bernstein, Abraham, M.D. - Excused
Barbagelata, John J. - Excused

4. OLD BUSINESS. Mr. Orsi was asked to attend this meeting to enlighten the Board members on the temporary employee structure in City service. The meeting was delayed waiting for his appearance. Since it appeared that he would be further delayed, President Paretchan commenced by asking Mr. Juan B. Rael, Jr. what the actuarial effect upon the System would be should the Health Service System accept all the temporary employees.

Mr. Rael answered that accepting them should not create a problem; the problem he sees is allowing them to come in electively because there would be obvious anti-selection; and the actual costs of these individuals on the average would be greater than the rates. Because of the opportunity to select and accepting those who are sick, the claims would be higher than the rate. You can't predict what would happen; however, he felt there would have to be a subsidy.

President Paretchan asked Mr. Mark Hellender, Representative of Kaiser Foundation Health Plan, about their plan for Temporary Employees. Mr. Hellender explained in detail the plan. There are two open enrollment periods, February and August. The subscriber would have 'B' coverage; the benefits are quite a bit less than those of the active employee; the essential difference in that there is a fee for prescription drugs and a registration fee for individual service. The Certification of Eligibility has to be signed by the applicant's Supervisor and it clearly indicates that the temporary employee does not qualify for coverage through the Health Service System.

President Paretchan expressed his feeling regarding the continuation of Health Service coverage for temporary employees. He felt that certain individuals were receiving benefits where other temporary employees should be receiving the same. He felt that the System in subsidizing these individuals at an approximate cost of $20,000 per year was unfair and inequitable. He stated that these members were allowed to enroll in the Health Service System when the City was only paying $5.00, but through Proposition 'O' which mandated the City to contribute the average amount of the ten most populous counties, the contribution has escalated and is now $27.30. This is putting a burden on the System. He felt that they should remain a year longer at the subsidized rate until a decision is reached.

After much discussion, it was brought out that there are under 50 individuals covered, consisting of Municipal and Superior Court Judges, members of the Board of Supervisors,

4. OLD BUSINESS. (Continued)

Aides and Administrative Assistants to the Board of Supervisors, and Commissioners. The positions of Aides and Administrative Assistants are peculiar to the Board of Supervisors which prevents them from transferring to another City Department.

A resolution of the Board of Supervisors was passed to create permanent part-time positions. It was not an ordinance, only a statement approving the concept of the part-time permanent positions, a completely new category. Mr. Kearney mentioned that a group of women visited the office to discuss the matter. The whole concept is that some women would like to work only 4 hours a day and have a counterpart working the other part of the day; they both want permanent Civil Service status and full benefits in the Health Service System. The question arises, would the woman working 4 hours be less susceptible to illness than the one working 8 hours; if they become ill, how would claims be paid - on a 50% basis? Would they be paying 50% of the premium and would the City subsidize them 50% or pay the full subsidy?

A message was received that Mr. Orsi had just called and would not be able to attend the meeting.

Mr. Lucibello suggested that perhaps the Board of Supervisors could put in a supplemental budget to pay the subsidy rate in order to keep the Aides and Administrative Assistants in the System. Mr. Toomey claimed that it would be illegal if the Board of Supervisors were to pass an Ordinance subsidizing people who do not belong to the Retirement System, it would be in direct conflict with the Charter.

Mr. Kearney added that if the Board of Supervisors were to put in a supplemental appropriation to take care of their 12 people, other groups would object and wonder why they could not do the same for their people. It would be a vicious circle. Also, if the City were to subsidize them, a Charter Amendment would be required and it would cost the City approximately $2,000,000 a year to subsidize the 6,500 people at the present subsidy rate.

Mr. Kearney brought out that when the machinists Union negotiated with Mr. Mahler, they agreed to take the miscellaneous fringe benefits by going back to 8.401 of the Charter. Instead of getting the health and welfare by negotiated Union contract, they are to take the $27.30 for medical subsidy. Part of their negotiating package was a request that $27.30 be placed in the pay warrant of their temporary employees - (Employees who are not members of the Health Service System).

President Paretchan suggested the possibility of carrying the temporary members we now have for one more year and set it up whereby in July 1977 they pay the contract rate, or go out by attrition. It was suggested that the decision be put over until the regular monthly meeting in June.

President Paretchan apologized to those in attendance stating that he would ask Mr. Kearney to ask Mr. Orsi to attend the regular meeting in June to make his recommendation rather than call another special meeting.

The meeting was adjourned until the regular monthly meeting in June, at which time the matter will be discussed again with hopes to settle it.

Respectfully submitted,

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

4. OLD BUSINESS. (Continued)

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Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY, JUNE 8, 1976 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Barbagelata, John J.
Bernstein, Abraham, M.D.
Hassing, Robert R.
Johnson, F. Walter
Lucibello, Frank
Paretchan, Harry
Toomey, Thomas A.

4. Minutes of Regular Meeting - May 11, 1976, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman Harry Paretchan.

   No appeals requested as of date of publication. Appeals will be heard, however, if received subsequent to publication of this Agenda.

7. Old Business.

   a. Report on Status of Vision Plan.

   b. Report on May Sign-Up Period.

8. New Business.

   a. Nomination and Election of President, Health Service Board as provided in Part I (A) - Rules and Regulations.

   b. Reseating of President Paretchan and Seating of F. Walter Johnson, recently elected to the Health Service Board.

   c. Mr. Bernard Orsi to speak on Temporary Employees in City Service.

9. Executive Director's Report.

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'C'

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY, JUNE 8, 1976 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Harry Paretchan presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D.; Hassing, Robert E.; Johnson, F. Walter; Lucibello, Frank; Paretchan, Harry; Toomey, Thomas A.

ABSENT: Barbagelata, John J.

Item 8 (a) under New Business was taken out of order at the direction of President Paretchan.

President Paretchan brought up the reseating of himself and the seating of Mr. F. Walter Johnson, recently elected to the Health Service Board. He introduced Mr. Johnson and welcomed him on the Board stating that he has been active in many employee groups. It was moved by Commissioner Toomey and seconded by Commissioner Bernstein, to reseat President Paretchan and seat Mr. F. Walter Johnson on the Health Service Board.

There being no objections, it was SO ORDERED.

At this point, President Paretchan returned to the published Agenda order.

4. Motion by Commissioner Toomey, seconded by Commissioner Lucibello, that the Minutes of the Regular Meeting of May 11, 1976 be approved as submitted.

There being no objections, it was SO ORDERED.

5. ACTUARIAL REPORT. Mr. Juan B. Rael, Actuary, submitted the general report with statistical survey attached for the fiscal year July through May 1976. Also attached is the San Francisco Medical Society Health Plan, Inc. report on Blue Cross members for the month of May, 1976.

Mr. Rael reported the experience under Plan I; the Basic Benefits had gone up slightly. The rates have proven to be more than adequate and that there will be some surplus at the end of the fiscal year. There was some significance with the major medical experi- in that the heavy claims to be paid caused an impact and brought the claim ratio to 110% over last month's 101%.

Blue Cross reflected a good experience with 92% for the month of May and an accumulative loss ratio of 106% for the fiscal year through May.

Mr. Philip Kearney, Executive Director, brought the Board's attention to the report, "Statement of Revenue and Expenditures" of the Health Service System for the 11-month

[illegible]

5. ACTUARIAL REPORT (Continued)

period, July through May. The last column to the right shows an operating balance of $535,211.34 which does not include $135,000 in two rolls that have been released but not included in this balance. The actual operating surplus is approximately $400,000 and will be carried forward as a running balance into the next fiscal year and will not be returned to the General Fund. It will help in reducing the amount of the surplus that will be eroded in implementing the Vision Care Plan.

6. APPEALS COMMITTEE. Chairman President Paretchan reported that there were no appeals heard by the Appeals Committee this month.

7. OLD BUSINESS.

a. Mr. Kearney reported that the Vision Care Plan is ready to be implemented; that California Vision Service has the original list of all eligible members of Plan I along with the list of the changes that occurred during the sign-up period; that the brochures and the letter of instructions to be signed by the President will be sent out the last week of June. The letter will be offset and run on our letterhead by the Reproduction Division of the Purchasing Department, and it would cost approximately $150 to have the 15,000 copies made. It is anticipated that the folding and stuffing will be divided between the Health Service System and California Vision Service.

Mr. Roger Valine of California Vision Service answered questions directed to him by the Board. In all instances when an employee goes to a doctor, the request form is filled out and sent to their office. A precertified benefit form, together with a list of doctors operating in the respective areas, will be returned to the employee. If a member goes to a participating doctor, the member gives the form to the doctor and the doctor sends the completed form in for payment.

A member going to a non-participating doctor may use their facilities to obtain their glasses, but in most cases, a member goes to an Ophthalmologist and most Ophthalmologists recommend an optical firm for the glasses. In that case, the bills from the doctor and for the glasses are sent in for payment with the mini form attached. It was suggested to amend the letter of instructions with the fact that more than one member of the family can be covered on the one request for service form.

A sun glass tint without a visual necessity would have to be paid for by the member; prescription sun glasses would also be paid for extra, if purchased as a second pair of glasses. The second pair of glasses would be purchased on the retail basis as the doctor is not committed to them for the second pair of glasses.

b. Report on May Sign-Up Period. Mr. Kearney reported that 1,737 active members made changes; there were 401 active members, not including dependents, who transferred out of Blue Cross; 434 active members were added to Plan I and approximately 250 active members transferred out of Exempt status and approximately the same number transferred into Kaiser. Plan I picked up totally about 1,000 people including member and dependents; Blue Cross lost approximately 800 including member and dependents. There were 3200 members in Blue Cross prior to the sign-up and now there are 2800 including active and retired.

5. ACTUARIAL REPORT (Continued)

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7. OLD BUSINESS (Continued)

Mr. Larry Lavine, Blue Cross Representative, noted that Blue Cross received 74 new members and 116 dependents even though the full count showed a loss of 800.

8. NEW BUSINESS.

a. President Paretchan informed the Board that the nominations for the office of the president of the Health Service Board for fiscal year 1976-1977 were now in order. Commissioner Toomey nominated Commissioner Bernstein for the office of President. Other nominations from the floor were called for. There being none, President Paretchan closed the nominations and announced that Commissioner Bernstein had been elected president of the Health Service Board and offered his congratulations.

9. EXECUTIVE DIRECTOR'S REPORT. Since Mr. Orsi had not yet arrived to speak, President Paretchan asked Mr. Kearney to give his report.

Mr. Kearney referred the Board members to their copies of the Minutes of the Special Meeting held on May 25, 1976. He stated that the minutes were not prepared to be calendared on the Agenda and asked for a motion accepting the minutes as read.

Motion was made by Commissioner Lucibello and seconded by Commissioner Hassing, that the Minutes of the Special Meeting of May 25, 1976 be approved as submitted.

There being no objections, it was ORDERED.

Mr. Kearney referred the Board members to the letter received from Dr. Frederick A. Kennedy, Assistant Superintendent, San Francisco Unified School District regarding instituting an early retirement consultant plan in the S.F.U.S.D. He referred the matter to Commissioner Toomey who explained that the School District is planning to adopt an early retirement plan whereby a certain percentage of certificated employees retire each year at age 50 and be retained on a consultant basis working 20 days a year for $4,000 to supplement their retirement. It is an early retirement incentive plan to get people to retire earlier than they normally would.

Dr. Kennedy's proposal was basically as follows: Since these retirees are working 20 days a year, could the SFUSD subsidize them as active employees in the amount of $27.30 per month, rather than retired employees in the amount of $52.32 per month. The fact of the matter is that they are retired employees and we should take that position - consider them as retired.

Mr. Kearney interjected that there would be a maximum of 5% entering the program each year - approximately 330 each year; the program would last 10 years and it is possible that at one given time there would be in excess of 3000 people in this category.

Mr. Rael brought out that there would be a new category of retirees, but by admitting them, the age difference over a period of time would force the rate down and bring the average age to 57 for a retiree; the theory being that they would be less susceptible to serious illness than a person 65.

[illegible]

[illegible]

[illegible]

9. EXECUTIVE DIRECTOR'S REPORT (Continued)

Commissioner Bernstein's comment was that since the SFUSD is stimulating this program in their department, they should pay the retired rate for their retired employees; he didn't feel that the System should bear the financial burden.

With permission of the Board, Mr. Kearney stated that he should answer Dr. Kennedy explaining the unanimous opinion of the Board; that these retirees would be treated as retirees and that if they remain in the System, they will require from the SFUSD the full retired subsidy.

Commissioner Lucibello made the motion and it was seconded by Commissioner Toomey that Mr. Kearney write Dr. Kennedy and express the Board's feeling on the matter.

There being no objections, it was SO ORDERED.

Mr. Kearney reported the following:

a. Phoenix Mutual had gotten behind in processing claims; they have taken remedial action to correct this and are back to normal; that this corrective action accounted for their paying so many claims during the month of May.

b. This office is behind a bit in claims processing; as of Monday morning there were 800 unprocessed claims in house; however by the end of the week, it would be back to normal.

c. A 1/2 million dollar certificated deposit came due on Monday and was redeposited with Crocker Bank for 60 days at 5-3/4%. It is anticipated that the interest rate is on the rise, thus the short 60-day investment period.

At this point, Mr. Bernard Orsi and Mr. James Wurm, General Manager and Assistant General Manager, Personnel, appeared. President Paretchan introduced them and in taking up New Business, Item c, explained briefly that the System had accepted through the last few years certain temporary employees. They were allowed into the System when the City contribution was $5.00 or less. However, since the City's contribution effective July 1, 1976 will be $27.30, the cost to subsidize this group is approaching $20,000 per year. There are some 6500 temporary employees who are not enjoying the same privilege.

Mr. Orsi was asked to outline for the Board the Temporary employee structure in the City. He brought out the fact that the Charter does not differentiate between temporary employees funded by the City, by the School District or by some Federal Grant. Mr. Orsi handed out to the Board members a statistical analysis briefly listing the different categories of positions, a copy of which is attached.

He began by stating that there are 23,259 permanent budgeted Civil Service positions in the City and County; in addition, there are 10,622 positions funded by an assortment of temporary situations. Of the 23,000, 1500 are not filled on a permanent basis. The Board of Supervisors currently has some 800 permanent positions funded in the budget held vacant and frozen; one half of the 1500 unfilled positions mentioned above are in one of the many stages in process at Civil Service; pre-announcement, the announcement,

9. EXECUTIVE DIRECTOR'S REPORT (Continued)

protest procedures, as well as rights and due process that are entitled to those taking Civil Service examinations - steps that can take a day to a week's work each in the compiling of an examination from its announcement to its eligibility list. Because of the tremendous outflux of employees through retirement activity in the first 5 months of this year, we are finding a tremendous strain on our examination program to begin picking up again for the slack that the stabilized work force of a couple of years ago provided for us.

PERMANENT LIMITED TENURE - 15. Prior to 1970 there were 1,000 PLT's. It is now down to 15. That category was instituted because of a lack of permanent employees to fill the permanent vacancies in positions lacking eligible lists. Examinations are not held for these 15 classifications; most of these situations involve employees who will be retiring and since no examination has been held up to now, the Commission has decided to let those positions alone and let them be vacated by natural attrition.

TEMPORARY CIVIL SERVICE - 5,599. This category comprises temporary employees taking a temporary call off of a Civil Service list; there are many ways to become temporary Civil Service; promotive to the next higher rank; awaiting an examination but with permanent status below; permanent employees serving in temporary promotive capacity either taking the place of someone on leave or serving an assignment without permanent appointment. If examinations are held up for some reason and some positions have to be filled and can't wait for the list, the Limited Tenure seniority rule applies and the next lower rank with seniority takes the temporary appointment until the next list. There could be 60% permanent employees certified to "Temporary Declared Permanent requisitions. (60% of the 5,599 could be permanent employees.)

PART-TIME CHARTER EXEMPT - 500. By virtue of the Charter exemption, they would be allowed to be members of the Health Service System as he understands it. They are not members of the Retirement System; they are persons who work part-time in Park & Recreation on part-time but permanent Charter exempt jobs for which no examination is held. President Paretchan interjected that this classification is not entitled to membership in the Health Service System.

TEMPORARY LIMITED TENURE - 901. There could be 300 people who work 3 or 4 hours as needed or 1 weekend, at the hospitals where sometimes there are 50 working the weekend as needed. Temporary funds covering different working situations, working hours and seasonal employment that fluctuate depending upon the work situation. There is seasonal employment in the Registrar's Office, Tax Collector's Office and other departments; some of these positions have examinations working against them, but eligible lists are not out.

NON-CIVIL SERVICE - 1,247. Most of these positions have examination activity against them; some of these are Federally funded term projects; projects that are in the Community Mental Health, hospitals or in schools where it is considered that examinations will not be held because the funding will not be there. He brought out that 900 of the 1,247 Non-Civil Service are Para Professionals in the schools and should be carried in the Part-Time Charter Exempt which would raise the Part-Time Charter Exempt figure of 500 to 1,400. They are considered a full-term school job. The School Board has not processed this group so they must be carried in a Non-Civil Service status.

CETA - 2,360. CETA brings the grand total work force to 33,900.

9. EXECUTIVE DIRECTOR'S REPORT (Continued)

The Health Service should have 23,000 plus and about 50% of the Temporary Civil Service who had permanent status before taking their temporary appointments.

The Aides to the Supervisors would fall under the Temporary Limited Tenure. He compared an exemption to what the Civil Service calls a low examination priority where someone does not have to take the examination and still gets the benefits. There are roughly 150 positions in this category.

Mr. Orsi stated that Civil Service has prepared a Charter Amendment for November and are going to proceed with it to have the people decide whether or not these positions should be exempt. We are probably the only Civil Service in the country with such a high percentage of positions governed by the Civil Service procedures. Most of the other counties in the State of California have a formula that 1% or 2% of the positions are outside the Civil Service System. Here everything is virtually interpreted within the Civil Service System. There is no practical examination that you can hold for Aides to the Board of Supervisors, some positions in the Mayor's Office and other positions developed through the years in other departments that come under confidenciality and trust where the Department Head wants to have more influence over the hiring process.

Civil Service has attempted to limit the use of them; it is down strictly to political officials but it has to be dealt with. There are roughly 100 of these positions.

It is Mr. Orsi's belief that every City employee, no matter what the status, be given Health Service protection. To his knowledge, this is the first employer who discriminated because of temporary status. He would be more in sympathy if it were 100% employer paid. He can understand why retirement benefits cannot be allowed to temporary employee; but he cannot see why Social Security benefits cannot be given to temporary employees - another matter that the Civil Service Commission, Retirement and Health Service Systems can get together on and bring before the Mayor for a decision. He did not know what it would cost - $300 per year per member for those funded by the City. CETA would pay out of the CETA Grant and other funded projects allow for overhead which includes the cost of benefits. The only ones that would tax the general fund are those temporary positions which directly go against ad valorem departments that have no other source of revenue or other Grants.

President Paretchan explained that these special individuals, i.e. Aides, were accepted at the time the City contribution was $5.00 per member. There are many employees who have been working temporary 5 - 6 years who have not been able to have the same privileges. These Aides to the Supervisors could work 6 months to a year and leave for a better position, yet they are the ones who have been accepted; the others are more deserving; that the Health Service Board is trying to reach a decision where everyone can equitably be covered.

Mr. Orsi suggested that the three plans are offered to the temporary employees at the contract rate and in that way they can get their reaction to it, and at the same time give them an opportunity to enter the plans and enjoy the benefits. To avoid enrolling just the sick, he suggests that the Health Service contract with the Retirement System to give medical examinations to the temporary employees and to establish guidelines and standard procedures to Civil Service so that they can make it part of the medical procedure.

9. EXECUTIVE DIRECTOR'S REPORT (Continued)

Commissioner Walter Johnson felt that all employees should have a medical examination at the entrance and promotional level. The Temporary, including CETA, do not have a medical examination.

Mr. Orsi mentioned that currently on the L & P Committee Calendar is an item which has been tabled for a couple of years, i.e., the issue of granting Temporary employees these benefits. He does not know for how long it will be tabled. The Controller prepared a cost estimate as a result of the CETA employees complaining that their Grant stipulated that they be treated like any other employee in the System. They are treated like any other Temporary employee and this is how the City satisfies legally not providing the benefits. They went to the Board and asked them to study the question. The Board had an analysis made of what it would cost and the Controller determined that it would cost approximately $2,000,000 which could be the reason for their dropping it.

Commissioner Lucibello brought up the 4-hour part-time permanent Civil Service employee. Mr. Orsi answered that Permanent part-time would get permanent certification and would be covered by the Health Service System; that the Health Service cannot be pro-rated; however, retirement can be pro-rated. Part-time working against temporary funds would not be covered. Mr. Orsi explained that the Civil Service Rules are that a work schedule that is less than 8 hours is considered part time.

President Paretchan thanked Mr. Orsi and Mr. Wurm for coming to the meeting, after which they left.

He referred the matter discussed with Mr. Orsi and at the Special Meeting of May 25, 1976 to the Rules Committee for further study and a decision.

Motion was made by Commissioner Toomey, seconded by Commissioner Bernstein, to refer the matter to the Rules Committee.

There being no objections, it was SO ORDERED.

10. President Paretchan thanked the Board members for the help and cooperation they had given him while he was in office.

Commissioner Bernstein congratulated President Paretchan for his leadership and presidency, stating that he had done a fine job and requested that the Minutes include his request for a letter commending President Paretchan.

There being no further business to come before the Board, the meeting was adjourned at 5:15 P.M.

Respectfully submitted,

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR JUNE 8, 1976

MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Benefit for July through May 1976

	Contributions	Claims	Claim Ratio
Active Employees	$ 1,940,155	$ 1,764,061	91%
Retired & Resigned	605,629	618,259	102
Adult Dependents	1,191,723	1,013,441	85
Minor Dependents	472,462	458,757	97
TOTAL	$ 4,209,969	$ 3,854,518	92%

(2) Experience under Part I - Major Medical for July through May 1976

	Premium	Claims	Claim Ratio
Active Employees & Dependents	$ 881,571	$ 926,864	105%
Retired & Resigned (No Medicare)	231,557	364,609	157
Retired & Resigned (Medicare)	431,361	406,853	94
TOTAL	$ 1,544,489	$ 1,698,326	110%

(3) Experience under Blue Cross - Plan III

	Premium	Claims	Claim Ratio
July 1975	$ 202,509	$ 198,741	98%
August	212,691	183,869	86
September	206,371	241,261	117
October	211,264	248,542	118
November	209,209	223,157	107
December	281,135	235,035	84
January 1976	208,832	160,794	77
February	208,158	295,086	142
March	206,766	309,537	150
April	263,106	276,377	105
May	180,332	165,684	92
TOTAL	$ 2,390,373	$ 2,538,083	106%

R A E L & L E T S O N

Consulting Actuaries

C O P Y

JBR:lc
6/8/76

SAN FRANCISCO MEDICAL SOCIETY HEALTH PLAN, INC.

250 MASONIC AVENUE • SAN FRANCISCO, CALIF. 94118 • (415) 563-7471

June 7, 1976

Mr. Larry Lavine
Blue Cross of Northern California
350 Sansome Street
San Francisco, CA 94104

Re: Claims Activity for May, 1976
City & County Employees

Dear Larry:

The following represents the claims activity for the City and County of San Francisco employees enrolled in Blue Cross (Plan III) for May, 1976.

As of April 30, 1976 there were 692 claims on hand. During the month of May, 2,549 claims were received; 1,679 claims were processed; leaving an inventory of 1,562.

Of the 1,679 claims processed, 30% were from member providers of the Health Plan; 35% from non-member providers; and 25% were applied to Deductible or paid as Major Medical.

Sincerely,

Robert Bjorkquist
Executive Director

RB/pt

June 8, 1976
M. Collins

C O P Y

PAY PERIOD ENDING MAY 25, 1976

*Permanent Civil Service		23,259
Permanent Limited Tenure	15	
Temporary Civil Service	5,599	
Part-time Charter Exempt	500	
Temporary Limited Tenure	901	
Non-Civil Service	1,247	
CETA	2,360	
	10,622	

*Includes permanent employees certified to permanent positions enumerated in the Annual Salary Ordinance. (It does not include permanent employees who are certified to "Temporary Declared Permanent" requisitions. I would estimate that figure to be 400-500 maximum.)

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - JULY 13, 1976 - 4:00 P.M.

AGENDA

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Barbagelata, John J. — Johnson, F. Walter
Bernstein, Abraham, M.D. — Lucibello, Frank
Hassing, Robert E. — Paretchan, Harry
Toomey, Thomas A.

4. Minutes of Regular Meeting - June 8, 1976, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman Harry Paretchan.

   No appeals requested as of date of publication. Appeals will be heard, however, if received subsequent to publication of this Agenda.

7. Old Business.

8. New Business.

   a. Letter from Retired Employees requesting additional health benefits effective July 1, 1977.

   b. Letter with brochure from Frank Kalafate presenting a pre-paid Dental Plan - TWU-AFSCME-UCE.

   c. Conflict of Interest - Departmental Code

9. Executive Director's Report.

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'C'

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - JULY 13, 1976 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Abraham Bernstein presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D.
Hassing, Robert E.
Lucibello, Frank
Paretchan, Harry
Toomey, Thomas A.

ABSENT: Barbagelata, John J.
Johnson, F. Walter - excused

4. Motion by Commissioner Lucibello, seconded by Commissioner Toomey, that the Minutes of the Regular Meeting of June 8, 1976 be approved as submitted.

There being no objections, it was SO ORDERED.

5. ACTUARIAL REPORT. Mr. Juan B. Rael, Actuary, submitted the general report with statistical survey attached for the fiscal year 1975-1976. Also attached is the San Francisco Medical Society Health Plan, Inc., report on Blue Cross members for the month of June, 1976.

Mr. Rael reported that the loss ratio of 92% for Plan I basic benefits remained unchanged from last month; the major medical experience showed a bad month, raising the cumulative loss ratio to 114%. Blue Cross ended the fiscal year with a loss ratio of 106%.

6. APPEALS COMMITTEE. Chairman Harry Paretchan reported that there were no appeals heard by the Appeals Committee last month.

7. OLD BUSINESS. There was no old business to come before the Board.

8. NEW BUSINESS.

a. Mr. John Misegades, Administrative Assistant, read a letter under date of June 29, 1976 received from The Retired Employees of the City and County of San Francisco, wherein they wish to go on record requesting that the Vision care Program be included for all retired persons effective July 1, 1977; and that the major medical deductible of $75.00 be reduced to $50.00 for the retired employee.

Mr. Bride spoke in behalf of the retired employees, bringing out the difference in cost for their medical insurance; that those enrolled in Parts A & B of Medicare paid $7.90 per month, where those enrolled in Part A only in Medicare and enrolled in basic benefits of the Health Service System, pay only $1.00 per month. He felt that an injustice existed. He stated that the retired group next year intend to go before the Board of Supervisors to intercede for greater benefits should nothing be done by the Health Service Board.

8. NEW BUSINESS.

President Bernstein answered Mr. Bride stating that discussion had already started regarding a vision care plan for the retirees.

Commissioner Paretchan added that at the time of negotiation, the Board had felt that Medicare benefits included vision care; that they are studying the matter thoroughly and actuarially and hoping to adopt the vision plan for the retired employees sooner than July 1, 1977.

Mr. Bride reminded the Board that he had brought to their attention the fact that Medicare did not cover vision care.

Commissioner Lucibello agreed with Commissioner Paretchan that the Board was under the impression that Medicare included a vision plan and now that it is known that Medicare does not, he felt that the retirees should not only be included but that the plan be implemented as soon as possible.

Mr. Rael definitely agreed that they should be provided with the vision plan, bringing up the Charter Amendment whereby the retiree should have the same benefits as the active employee. He further brought out that the cost for retirees would be greater and that the City would be obligated to pay the difference between the cost for the retiree and the retired subsidy. He felt that the frequency of change in eye glasses would cause the difference in rate.

President Bernstein instructed Mr. Misegades to contact the California Vision Service and inquire the cost for this retired group and added that the matter would be brought before the Board at the next monthly meeting.

Mr. Bride was assured that the Board would adopt the vision plan for the retirees as soon as possible.

b. Mr. Misegades summarized the dental plans available to the S.F.P.O.A. and the TWU-AFSME-UCE groups submitted by Mr. Frank Kalafate. He mentioned that the plan costing $1.00 per month per member offered only office examinations and diagnosis, X-rays of teeth, Orthodontics examination and consultation--no dental work. The dental work is under another program where a dental fee schedule is included. The rates per bi-weekly pay period are as follows: Member - $3.26; Member + 1 - $5.20; Member + Family - $7.98.

Commissioner Paretchan told the Board that he had a copy of the proposed plans now being offered to the Police and Fire Departments. He suggested that Mr. Rael give them further study.

President Bernstein reported that a committee would be appointed and that chairmen and committees would be announced at the next regular meeting.

c. Mr. Misegades read the letter written by Philip J. Kearney to the Board of Supervisors attaching the Conflict of Interest Code for the Health Service System.

Commissioner Toomey explained that under the government code all the City Agencies and Departments have to adopt the Conflict of Interest Code; that all

8. NEW BUSINESS.

City Agency Boards and Commissioners are now in the process of adopting codes. The meetings started early in May and some 1,500 different agencies are now in the process of adopting codes. The due date to adopt them was July 1, 1976.

Commissioner Toomey stated that he and Mr. Kearney drew up the Conflict of Interest Code that was sent to each member. It is identical with the Codes that other departments have adopted with the exception of the two Exhibits attached to the Code. Exhibit A covers the people who have to report in the Health Service System and Board. Exhibit B covers the categories on which they are to report. The State law also provides that the Code be adopted by an agency at a public meeting. After it is adopted by the Health Service Board, the Board of Supervisors will schedule public meetings at some time in the future to enact the various Codes into law. Once they are enacted into the law, then the reporting process starts.

Basically, the code compels people who work with departments in making decisions which could affect the financial interest that they themselves own, to disclose what they own. A Board member does not have to report everything that he owns; only that which would affect his relationship with the department.

Commissioner Toomey recommends that the Health Service Board adopt the Code for if it didn't, the Board of Supervisors would have the right to draw up a Code for the Health Service Board.

Motion was made by Commissioner Toomey, seconded by Commissioner Paretchan, to adopt the conflict of Interest Code as distributed.

There being no objections, it was SO ORDERED.

d. Commissioner Paretchan read a letter received from the League of Women Voters asking that the Health Service Board endorse the charter amendment calling for the Rule of Three for entry and promotive level on Civil Service positions.

Commissioner Paretchan vigorously opposed this rule and stated that in his opinion it was not an item that should even be presented before the Health Service Board.

Commissioner Lucibello agreed with Commissioner Paretchan that this issue has no business coming before the Board, adding that he felt that it would ruin the Civil Service System and that it could possibly eliminate the number one man for the life of a list. Also, that the person on the top of the list can be released from his job if he is not performing well during his 6-month probationary period.

President Bernstein agreed with Commissioner Lucibello's explanation but admitted not fully understanding the Civil Service procedures.

8. NEW BUSINESS.

Commissioner Hassing when asked by the president stated that at this time with the little knowledge of the subject he had, was not prepared to render an opinion.

President Bernstein instructed Mr. Misegades to thank the League of Women Voters for their letter and to answer the letter stating that we do not have enough information to discuss the matter or to give a definite reply; if they wish more consideration, the Board would have to study it in depth.

e. Commissioner Paretchan read a letter received from Dr. Francis J. Curry inviting the Board members to the Dedication Ceremonies of the new San Francisco General Hospital Medical Center on July 19, 1976. It was noted that the time of the dedication was not mentioned in the letter.

President Bernstein instructed Mr. Misegades to thank Dr. Curry for his invitation and to inquire about the time of the dedication so as to inform the Board members.

f. Commissioner Lucibello brought up the letter received from the Retired Employees requesting that the $75.00 major medical deductible be reduced to $50.00. He moved that this be taken up by the Rate Committee for possible implementation for next year. Though it was not seconded, President Bernstein agreed.

9. EXECUTIVE DIRECTOR'S REPORT. Mr. John Misegades reported the following:

a. The California Vision Service Plan got under way as of July 1, 1976; brochures have been sent to all the employees. A check in the amount of $31,200.00 was sent to CVS for 11,345 members.

b. The fiscal year was ended with a surplus in excess of $400,000; that took in all the claims excepting 400 that were in the office.

c. That Certificated Deposits totaled $2,000,000.

d. That there was enough funds for the retired group's proposal to be included in the Vision Plan.

e. The office is functioning well.

Commissioner Hassing, in recognition of the surplus, requested that it be written in the record that the Director and the employees of the Health Service System be commended for the work well done this past fiscal year.

10. There being no further business to come before the Board, it was moved by Commissioner Hassing, seconded by Commissioner Toomey, that the meeting be adjourned at 4:30 P.M.

Respectfully submitted,

John A. Misegades

JOHN A. MISEGADES
Administrative Assistant
Health Service System

COPY

REPORT BY ACTUARY FOR JULY 13, 1976

MEETING OF THE HEALTH SERVICE BOARD

COPY

(1) Experience under Plan I - Benefits for July through June 1976

	Contributions	Claims	Claim Ratio
Active Employees	$ 2,114,183	$1,923,499	91%
Retired & Resigned	663,815	676,706	102
Adult Dependents	1,299,745	1,117,593	86
Minor Dependents	515,288	499,161	97
TOTAL	$ 4,593,031	$4,216,959	92%

(2) Experience under Part I - Major Medical for July through June 1976

	Premium	Claims	Claim Ratio
Active Employees & Dependents	$ 960,981	$1,023,634	106%
Retired & Resigned (No Medicare)	254,075	425,159	167
Retired & Resigned (Medicare)	471,025	470,857	100
TOTAL	$ 1,686,081	$1,919,650	114%

(3) Experience under Blue Cross - Plan III

	Premium	Claims	Claim Ratio
July 1975	$ 202,509	$ 198,741	98%
August	212,691	183,869	86
September	206,371	241,261	117
October	211,264	248,542	118
November	209,209	223,157	107
December	281,135	235,035	84
January 1976	208,832	160,794	77
February	208,158	295,086	142
March	206,766	309,537	150
April	263,106	276,377	105
May	180,332	165,684	92
June	216,684	217,275	100
TOTAL	$ 2,607,057	$2,755,358	106%

JBR:lc
7/13/76

RAEL & LETSON
Consulting Actuaries

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - AUGUST 10, 1976 - 4:00 P.M.

DOCUMENTS
AUG 1 1976
SAN FRANCISCO
PUBLIC LIBRARY

AGENDA

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Barbagelata, John J. — Johnson, F. Walter
Bernstein, Abraham, M.D. — Lucibello, Frank
Hassing, Robert E. — Paretchan, Harry
Toomey, Thomas A.

4. Minutes of Regular Meeting - July 13, 1976, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman Harry Paretchan

   Charles D. Grassis - HSS #66067 - Request to transfer from Exempt status to Plan I with two dependents.

7. Old Business.

   Vision Care Plan for the Retired in Medicare. Report from Rael & Letson on cost factor.

8. New Business.

   Request from National RX Services, Inc. for census data to prepare for a presentation of an Independent Prescription Drug Plan.

9. Executive Director's Report.

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'C'

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - AUGUST 10, 1976 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Abraham Bernstein presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT:	Bernstein, Abraham, M.D.	Lucibello, Frank
	Hassing, Robert E.	Paretchan, Harry
	Johnson, F. Walter	Toomey, Thomas A.

ABSENT: Barbagelata, John J.

4. Motion by Commissioner Paretchan, seconded by Commissioner Lucibello, that the Minutes of the Regular Meeting of July 13, 1976 be approved as submitted.

There being no objections, it was SO ORDERED.

5. ACTUARIAL REPORT. Mr. Juan B. Rael, Actuary, submitted the general report with statistical survey attached for the month of July, 1976. Also attached is the San Francisco Medical Society Health Plan, Inc., report on Blue Cross members for the month of July, 1976.

Mr. Rael commented that the experience for Plan I reflecting a loss ratio of 116% for Basic Benefits and 140% for Major Medical was high and a bad month but was not significant because of it being one month out of the fiscal year; that it would level off. His comments on the loss ratio of 116% for Blue Cross were the same.

Mr. Kearney commented that on Plan I there was an extra roll included which could have been carried forward resulting in a loss ratio of 91%. Also, that the major medical figure could be distorted as many save their prescription bills to submit in June and July.

Mr. Kearney commented on the Statement of Revenues and Expenditures for Fiscal Year 1976-1977, given to each member of the Board attached. He stated that we are going into the second month with basically the same amount of operating surplus we had on 6-30-76, $453,735.08.

6. APPEALS COMMITTEE. Chairman Harry Paretchan reported the appeals of Charles D. Grassis, HSS #66067, requesting to add his dependents to Plan I; when transferring from Exempt status to Plan I during the month of May, he inadvertently neglected to include his dependents. The Committee recommends that he be allowed to add his dependents in Plan I.

Motion was made by Commissioner Paretchan and seconded by Commissioner Toomey, that Charles D. Grassis, HSS #66067, be allowed to add his dependents to Plan I.

There being no objections, it was SO ORDERED.

7. OLD BUSINESS. Mr. Kearney brought up the subject of CVS's retention percentage, mentioning that when their proposal had been submitted on a competitive basis with Blue Cross, they indicated a 10% retention against a Blue Cross figure of 15%, which was one of the conditions under which CVS was selected as a contractor. The implementation procedures demanded of CVS caused them some extraneous expense which he felt could be covered by adjusting the retention figure of 10% to 11%, a matter which was discussed prior to the new fiscal year. Mr. Kearney read cost figures of the extraneous expense involved by CVS submitted by Mr. Valine, as follows:

$ 1,750.00	Overtime to establish addresses of employees
938.00	Program costs, including program design, keypunch, etc.
100.20	Envelopes
143.50	Application of labels and stuffing materials
877.80	Stamps
$ 3,809.50	Total

Mr. Kearney commented that this amount almost equates with 1% of the premium, approximately $375,000, for the entire year.

When asked for his opinion on the proposed 11% retention, Mr. Rael answered that it only had significance in the event the experience is favorable. In that event, money would be refunded. Should there be adverse experience, there would be no refund. Mr. Rael felt the request reasonable and recommended that the Board consider adjusting the retention to 11%.

Mr. Kearney commented that the costing report submitted was not signed and requested Mr. Valine to resubmit the report in letter form and signed so that it could be made a permanent part of the record.

Regarding the cost figure on the vision plan for the Retired in Medicare, Mr. Rael brought up two points: 1) cost element and 2) whether the Retired in Medicare can be included in the Vision Care Plan. He did not know the legal ramifications. He stated he had discussed the cost factor with Mr. Valine and that he had the statistical figures; and that Mr. Valine had indicated that the rate would be the same for the retired as for the active.

When questioned on the cost and whether it could possibly be lower since generally the retired do not have dependent children, Mr. Valine answered that basically the cost is higher but that utilization is less; that the single lense for the active is 1/3 as much as the trifocal lense, the common prescription for the retired; also, that a much greater percentage of persons in that age bracket will wear glasses.

Mr. Kearney brought out that the prime reason for the low vision care rate initially was that 62% of the total active employees are single - not necessarily meaning single, but divorced or whose spouses have their own group coverage. Mr. Rael also brought out that the average family gravitates to Kaiser and that if there was a check on the percentage of singles in Kaiser, they would probably have 5%. It was brought out that there would be approximately 3000 members retired in Medicare to be covered and that the cost for the 12-month period would amount to $100,000. When asked how long it would take to initiate the vision plan, Mr. Kearney stipulated that the same preliminary work that was accomplished for the active would have to be accomplished for the retired in order to get addresses for the mailing of the brochures, and that would take approximately from 6 to 8 weeks. The retired member and not the dependent, would be notified of eligibility in the Vision Care Plan.

7. OLD BUSINESS. (Continued)

To Mr. Rael's suggestion as to whether the cost could be taken out of the Retired subsidy, it was concluded that not this year but that it possibly could be done next year when it would automatically work itself into the rate structure. It was also brought out that it could possibly not be done because of the fact that the subsidy differs for the Retired in Medicare and for the Retired Not in Medicare.

Commissioner Paretchan moved that the retired employees be admitted to the Vision Care Plan by December 1, 1976 and not later than January 1, 1977, which was seconded by Commissioner Lucibello.

There being no objections, it was SO ORDERED.

Questions were asked of Mr. Valine regarding the procedure of using the plan. Mr. Valine answered that if the member goes to a non-panel doctor, the member pays the doctor, attaches the itemized bills for the examination, lenses and frames to the form sent to him by CVS, and the member is reimbursed according to a fee schedule allowance for the exam, lenses and frames. Should the member go to an Ophthalmologist and then to the panel doctor to dispense his glasses, he is to pay the Ophthalmologist and send in his bill to CVS attached to the form sent him. He pays the panel doctor the $5.00 deductible. CVS will reimburse the member for the examination according to a fee schedule and pay the panel doctor for his professional services and materials. Mr. Valine also brought out that while their panel doctors are used to dispensing glasses only, they are not mandated to accept that phase; he stated that the major part of their compensation is for the examination, then the dispensing of the glasses and the follow-up visits; their compensation is reduced when only filling a prescription and also a peculiar situation could exist should there be a wrong prescription. A panel doctor may accept these members hoping that perhaps the member will return for full service the following year or send them referrals. Mr. Valine also brought out that in their experience in California, 90% go to their panel doctors and about 10% go to an Ophthalmologist. Another point mentioned was that their panel doctors are required to give a special type of examination involving an analysis where they are looking for eye diseases. Their doctors will refer members to an Ophthalmologist. He stated that the Optometrist is not licensed to dilate the eyes. However, President Bernstein brought out that the Optometrist will be allowed to dilate the eyes at the end of the calendar year.

Mr. Kearney called the Board's attention to the Revenues and Expenditures Statement. Under Expenditures for California Vision Service for July, he stated that the figure shown, $63,320.50, should be changed to $31,198.75. The number of employees covered in July were 11,345.

8. NEW BUSINESS. Mr. Kearney reported that Mr. Garrett E. Wright of National RX Services, Inc., was in the office and requested some census data in letter form. He informed the Board that he would answer the letter and report back to them.

9. EXECUTIVE DIRECTOR'S REPORT. Mr. Kearney reported the following:

1. That there has been a sharp increase in unprocessed claims on hand; that he would allow 60 days, after the vacation period, to see whether it will straighten out; that he could work with Commissioner Toomey in the interim in an attempt to have the positions reinstated in the Department Table of Organization.

9. EXECUTIVE DIRECTOR'S REPORT. (Continued)

Suggestion was made to write a letter to Plan I members to be distributed to all departments for posting on all bulletin boards. The letter is to inform the members the reason for the delay in receiving their warrants. The letter should indicate a specified time period in which to submit claims and telephone the Health Service System; that the telephone calls be limited.

President Bernstein instructed Mr. Kearney to write the letter to the Departments this month.

2. The Mayor has requested that the Annual Report for Fiscal Year 1975-1976 be submitted by September 15. Mr. Kearney requested through the Chair that Mr. Rael prepare the usual Actuarial Report for the past year asking that it be written in more detail. The signatures of the Board members would be required. He felt that it would be studied more this year than in previous years.

3. Mr. Kearney requested a Resolution for his administrative expenses in the amount of $351.06 for the last six months from January through June, 1976.

Motion was made by Commissioner Toomey and seconded by Commissioner Paretchan, that a Resolution be drawn up to cover Mr. Philip J. Kearney's expenses in the amount of $351.06 for the six-month period from January through June, 1976.

There being no objections, it was SO ORDERED.

10. There being no further business to come before the Board, motion was made by Commissioner Johnson, seconded by Commissioner Paretchan, to adjourn the meeting at 4:35 P.M.

Respectfully submitted,

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR AUGUST 10, 1976

MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Benefit for July 1976

	Contributions	Claims	Claim Ratio
Active Employees	$ 179,706	$ 184,910	103%
Retired & Resigned	59,731	70,219	118
Adult Dependents	102,547	136,684	133
Minor Dependents	38,936	50,102	129
TOTAL	$ 380,920	$ 441,915	116%

(2) Experience under Part I - Major Medical for July 1976

	Premium	Claims	Claim Ratio
Active Employees & Dependents	$ 87,356	$ 99,703	114%
Retired & Resigned (No Medicare)	23,838	67,202	282
Retired & Resigned (Medicare)	45,897	52,682	115
TOTAL	$ 157,091	$219,587	140%

(3) Experience under Blue Cross - Plan III

	Premium	Claims	Claim Ratio
July 1976	$ 211,985	$ 246,392	116%

JBR:lc
8/10/76

R A E L & L E T S O N
Consulting Actuaries

C O P Y

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - SEPTEMBER 14, 1976 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Barbagelata, John J.
Bernstein, Abraham, M.D.
Hassing, Robert E.
Johnson, F. Walter
Lucibello, Frank
Paretchan, Harry
Toomey, Thomas A.

4. Minutes of Regular Meeting - August 10, 1976, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman Harry Paretchan

No appeals requested as of date of publication. Appeals will be heard, however, if received subsequent to publication of this Agenda.

7. Old Business.

Progress report on the Implementation of a Vision Care Plan for Medicare members in this System.

8. New Business.

Verbal request from Mr. Samuel Walker, Secretary-Treasurer, Local 250A Transport Workers Union, to hold another open enrollment period for his drivers and platform employees.

9. Executive Director's Report.

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'C'

AGENDA

1. Call to order.

2. Pledge of Allegiance.

3. Roll Call: Supervisor Lynn L. Swanson, Jr. Supervisor
   Supervisor Steven Fox Supervisor Mark Stein
   Supervisor Dennis E. Supervisor Barry
   Supervisor Robert A.

4. Election of Deputy Sheriff - Approve at 2000, contingent [illegible]

5. Approval Agenda - Add, Delete & Amend, etc.

6. Approval Minutes - Regular Session Meeting

   To approve minutes as set at preliminary. Agenda will be open, however, if material discussed is publication of this agenda.

7. Old Business.

   Report issued by the Environmental [illegible]
   The Supervisors address to this person.

8. New Business.

   Letter received from Mr. Steven Lefler, Supervisor-Elect Town, [illegible] Zone Ordinance Change Issue, at 8:30 pm during [illegible] Supervisors Chamber for the purpose [illegible]

9. Executive Session.

Robert A. Barry
Supervisor Chairman

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - SEPTEMBER 14, 1976 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Abraham Bernstein presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT:	Bernstein, Abraham, M.D.	Lucibello, Frank
	Hassing, Robert E.	Paretchan, Harry
	Johnson, F. Walter	Toomey, Thomas A.

4. Motion by Commissioner Johnson, seconded by Commissioner Lucibello, that the Minutes of the Regular Meeting of August 10, 1976 be approved as submitted.

There being no objections, it was SO ORDERED.

5. ACTUARIAL REPORT. Mr. Juan B. Rael, Jr., Actuary, submitted the general report with statistical survey attached for July through August. Also attached is the San Francisco Medical Society Health Plan, Inc., report on Blue Cross members for the month of August, 1976.

Mr. Rael reported that in the two months since the rates have been established for the fiscal year, the claim ratios for Plan I Basic Benefits at 115% and Major Medical experience at 152% indicated that claims are in excess of contributions received. Again, this is insignificant and he anticipates a leveling off. Under Blue Cross, the experience for the two months showed a 100% claim ratio. The last two months have not been a valid test of the rates on any of the three plans.

Mr. John Misegades, Administrative Assistant, commented that our operating balance in Plan I at the end of August reflected an increase instead of a decrease in keeping with the adverse loss ratio. That was due to the fact that contributions not paid because of the strike in March were received during the months of July and August and were applied to the last fiscal year's balance.

As to the question whether a backlog of bills would have any effect, Mr. Rael answered that it is a cash in and cash out situation; when there is adverse experience as that shown during the last two months, there is a reserve and a contingency reserve to fall back on.

Motion was made by Commissioner Paretchan and seconded by Commissioner Johnson to file the actuarial report.

There being no objections, it was SO ORDERED.

6. APPEALS COMMITTEE. Chairman Harry Paretchan reported that there were no appeals heard by the Appeals Committee.

7. OLD BUSINESS. Implementation of the Vision Care Plan for Medicare members in Plan I. Mr. Kearney, Executive Director, reported that the run-off of approximately 3,300 to 3,400 names of members in Medicare had been received from Data Processing. After the addresses are entered, the list with typed envelopes for each member and a letter of instructions similar to the one prepared for the active employees will be sent to CVS in Sacramento for CVS to insert its brochure and to mail. Mr. Kearney felt that the deadline of December 1 and no later than January 1, 1977 would be met.

8. NEW BUSINESS. Transport Workers Union's Request to hold another Open Enrollment Period. Mr. Kearney reported that a verbal request was received after the agenda was prepared; however, subsequent to that a letter was received which he read. It was confirmed by telephone that representatives of the Union would be present at this meeting. Since a representative from the Union was not present, it was agreed to continue with the next item until they did appear.

9. EXECUTIVE DIRECTOR'S REPORT. Mr. Kearney reported the following:

   a. That there were 1,563 unprocessed claims on hand as of 9:00 A.M. September 13. The average has been between 500 to 600 claims.

   b. Heretofore, Medicare claims were processed at our office and again processed at Phoenix. In light of the increased volume of work and decrease of personnel, Phoenix Mutual was requested to have a full time staff member working at the System's office to process Medicare claims and to answer questions regarding Medicare from members either by telephone or in person. To eliminate duplication of work, Phoenix recommended that all Medicare claims be sent to them and telephone inquiries regarding Medicare be referred to them. An explanation and instructions of the new method will be enclosed in the Vision Care Plan mailer. It is felt that the new procedure would decrease the work of major medical processors around 40%, the amount comprising Medicare claims.

   c. A Claims Processor has been added to the staff, filling a position vacancy.

   d. Mr. Kearney requested a motion to approve the Annual Report received by each member before sending it to the Mayor. Mr. Kearney was commended for the excellent report.

      Motion was made by Commissioner Paretchan, seconded by Commissioner Lucibello, to approve the Annual Report as submitted.

      There being no objections, it was SO ORDERED.

Commissioner Toomey raised a question regarding the Grand Jury report sent to Board members; that an erroneous picture was interpreted by their claiming that the $12.63 increase was due to medical cost, when in fact it was due to City subsidy; that they used the wrong year to indicate cost increase - the year that jumped from 1/2 to full contribution for the City subsidy. He suggested that Mr. Kearney clarify the matter with the Board of Supervisors, to which Mr. Kearney agreed that he would do.

At this point, Mr. Samuel Walker, Secretary-Treasurer, Local 250A Transport Workers Union and his recording secretary, Mr. Ray Antonio, appeared. President Bernstein returned to the item of new business and asked Mr. Walker to speak.

8. NEW BUSINESS. Mr. Walker gave a brief explanation for his reason of requesting another open enrollment period for the transport workers.

He brought out the fact that the transport workers come under Charter section 8.404 and that their time to negotiate comes at a different time from the normal signup period; at the time of the signup, the transport workers were under the impression that they had full paid health service. Their negotiations ended August 19. The Board of Supervisors had cut the Trust Fund to $1,400,000 for the 1862 operators. Since the operators did not know until August 18 that they did not have full paid health service, an open enrollment period was requested so that they could transfer to the plan of their choice.

Considerable discussion followed with each Board member expressing views on the administrative, economic, and contractual affects such an additional signup period would have on the system.

It was learned during this discussion that the $1,400,000 allocated to the Muni Trust Fund would have to cover their entire package. The items included in the package are as follows:

1: Total retirement
2. Total health premiums
3. A Dental Plan
4. A Vision Plan
5. A Life Insurance Policy

The discussion brought out that it would be impossible to cover the above items with the $1,400,000 allowed. Mr. Walker stated that preliminary Trust Fund plans would allow $232.00 every four months to every member regardless of marital status. Mr. Walker argued that the net change as a result of a new open enrollment period would not affect Blue Cross that much. This point was not agreed upon by the Board nor by Mr. Larry Lavine, the Blue Cross Representative.

Commissioner Toomey brought out the fact that the Health Service System had a contract with Blue Cross for the full fiscal year from July 1, 1976 to July 1, 1977 and that the negotiation eliminated a 60-day cancellation clause which Blue Cross wanted to include. To hold another open enrollment period would be a breach of that contract.

Commissioner Paretchan added that possibly legal action could follow and that much is entailed in setting up rates; also, that other departments have come before the Board with the same request and have been denied.

Mr. Lavine brought out the fact that the single man had the opportunity to transfer in May to Blue Cross with no out-of-pocket expense.

Commissioner Toomey also mentioned that the 30-day May signup had no connection with the Salary Standardization and group negotiations; that it was set up for better efficiency of operation in the department.

Mr. Walker requested that the decision of the Board be made in writing so that the information could be disseminated to the transport workers.

8. NEW BUSINESS. (Continued)

President Bernstein closed the discussion and Mr. Walker and Mr. Antonio departed. President Bernstein reopened the subject stating that the matter should not be tabled but that a decision be reached immediately so that a letter could be written to the Transport Workers Union.

Motion was made by Commissioner Hassing and seconded by Commissioner Toomey to deny the Transport Workers Union's request for an open enrollment period. The motion carried unanimously; it was so ORDERED.

10. There being no further business to come before the Board, the meeting was adjourned at 5:15 P.M.

Respectfully submitted,

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR SEPTEMBER 14, 1976

MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Benefit for July through August 1976

	Contributions	Claims	Claim Ratio
Active Employees	$ 297,690	$ 347,712	117%
Retired & Resigned	129,557	142,117	110
Adult Dependents	208,444	228,195	109
Minor Dependents	79,145	105,712	134
TOTAL	$ 714,836	$ 823,736	115%

(2) Experience under Part I - Major Medical for July through August 1976

	Premium	Claims	Claim Ratio
Active Employees & Dependents	$ 182,180	$ 237,588	130%
Retired & Resigned (No Medicare)	53,496	142,003	265
Retired & Resigned (Medicare)	92,985	120,787	130
TOTAL	$ 328,661	$ 500,378	152%

(3) Experience under Blue Cross - Plan III

	Premium	Claims	Claim Ratio
July 1976	$ 211,985	$ 246,392	116%
August	260,152	235,822	91

R A E L & L E T S O N

Consulting Actuaries

JBR:lc
9/13/76

C O P Y

SAN FRANCISCO MEDICAL SOCIETY HEALTH PLAN, INC.

250 MASONIC AVENUE • SAN FRANCISCO, CALIF. 94118 • (415) 563-7471

September 9, 1976

Mr. Larry Lavine
Blue Cross of Northern Calif.
350 Sansome Street
San Francisco, CA 94104

Re: Claims Activity for August 1976
City & County Employees

Dear Larry:

The following represents the claims activity for the City & County of San Francisco employees enrolled in Blue Cross (Plan III) for August 1976.

As of July 30th, there were 1,320 claims on hand. During the month of August, 1,891 claims were received; 2,446 claims were processed; leaving an inventory of 765.

Of the 2,446 claims processed, 39% were from member providers of the Health Plan; 42% from non-member providers; and 19% were applied to Deductible or paid as Major Medical.

Sincerely,

Robert Bjorkquist
Executive Director

RB/pt

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

DOCUMENTS
OCT 8 1976
SAN FRANCISCO
PUBLIC LIBRARY

TUESDAY - OCTOBER 12, 1976 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Barbagelata, John J. — Johnson, F. Walter
Bernstein, Abraham, M.D. — Lucibello, Frank
Hassing, Robert E. — Paretchan, Harry
Toomey, Thomas A.

4. Minutes of Regular Meeting - September 14, 1976, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman Harry Paretchan

No appeals requested as of date of publication. Appeals will be heard, however, if received subsequent to publication of this Agenda.

7. Old Business.

Updated report on the Vision Care Plan to be provided Medicare members and their dependents enrolled in Plan I. Benefit to commence on or about January 1, 1977.

8. New Business

a. Approval by Board of date for the Annual Public Hearing Meeting to be held in January, 1977.

b. Set up a meeting schedule for Rate Committee to establish rate structure for fiscal year 1977-1978.

9. Executive Director's Report.

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

PJK:da

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - OCTOBER 12, 1976 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Abraham Bernstein presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D.
Johnson, F. Walter
Lucibello, Frank
Paretchan, Harry
Toomey, Thomas A.

ABSENT: Barbagelata, John J.
Hassing, Robert E. - Excused

4. Motion by Commissioner Paretchan, seconded by Commissioner Johnson, that the Minutes of the Regular Meeting of September 14, 1976 be approved as submitted.

5. ACTUARIAL REPORT. Mr. Mike Clark, from the actuarial firm of Rael & Letson, in Mr. Juan Rael, Jr.'s absence, submitted the general report with statistical survey attached for the fiscal year July through September, 1976.

Mr. Larry Lavine, Blue Cross Representative, reported that the San Francisco Medical-Society Health Plan, Inc. report for the month of September is being delayed because of the absence of Mr. Bjorquist; he understands that the backlog is down to 100-200 claims on hand.

Mr. Clark reported that for Plan I Basic Benefits, the claim ratio experience was 107%, down from 115% last month, which is almost at 106%, the anticipated figure. The Major Medical claim ratio of 133% is an improvement over 152% experience at the end of two months. The Blue Cross experience for September was 97% and the overall experience, 101%.

Motion was made by Commissioner Paretchan and seconded by Commissioner Lucibello to file the report.

There being no objections, it was SO ORDERED.

Mr. Kearney brought to the attention of the Board the presence of four students from the University of Florida who were in San Francisco on an independent study of San Francisco City government. He asked that Mr. Clark explain the monthly report to them so that they would have an insight as to the system's operation on an actuarial basis.

President Bernstein explained the three plans to the students. Mr. Clark briefly explained details connected with compiling the monthly report and Mr. Kearney asked them to visit his office after the meeting to obtain copies of the Rules and Regulations, comparison of plans sheets, brochures and other information to take back with them.

[illegible] [illegible]

[illegible] [illegible] [illegible]

[illegible] [illegible] [illegible]

[illegible] [

6. APPEALS COMMITTEE. Chairman Harry Paretchan reported that there were no appeals heard by the Appeals Committee, an indication that the membership is satisfied.

7. OLD BUSINESS. Mr. Kearney reported that work had been started and 2/3 completed on obtaining addresses and zip codes of members in Medicare who will be eligible for the Vision Plan on January 1, 1977. There will be between 3300-3500 members. He anticipates that the work should be completed in approximately two weeks. Envelopes will then be typed, instructions on how the plan operates will be inserted. The packet will then be sent to Sacramento for the insertion of the brochures and mailing.

8. NEW BUSINESS.

   a. Mr. Kearney asked the Board to select the date for the Annual Public Hearing Meeting to be held in January. He is to write a letter to the Clerk of the Board requesting approval for either the 20th or 27th of January 1977 and to report back the date at the November meeting for approval by the Board.

   b. Mr. Kearney stated that he felt that it was too soon to call a Rate Committee meeting, but felt that by early November an organization meeting should be held at Mr. Rael's office. At that time, the amount allocated for next year would be known as the results of the information received from the ten most populous counties. The Rate Committee could meet shortly after that to discuss the direction the system will take, whether benefits will be increased, the rates lowered, etc.

   c. Commissioner Lucibello reported that a proposal now in the working stage has been introduced and if approved could affect a savings to the Health Service System. The proposal is that the City ambulances would be transporting patients to Kaiser. He understands that there will be no charge to the individual for the ambulance fees; also that 20% of the population of this City is covered under the Kaiser plan and that Kaiser has contracted to pay $75.00 per ambulance run. He felt that the City would have to provide more ambulances if people were to be transferred to the Kaiser facilities, i.e., serious and critical medical cases. Special cases, such as shootings and knifings, still would be taken to the County Hospital even though they are Kaiser members. He felt that if this program were implemented, that in the near future the door would be opened for transporting patients to the private hospitals. He stated that because of the highly specialized communication equipment in City ambulances and of the multi-million dollar dispatching room at Central Emergency, all ambulances including private ambulances, would be monitored regardless of what hospital the patient is taken to. Commissioner Lucibello was commended by the Chair for this report and the order was to file.

9. EXECUTIVE DIRECTOR'S REPORT. Mr. Kearney reported the following:

   a. The volume of work is so heavy that the number of unprocessed claims has doubled; there are now between 1100-1200 unprocessed claims each week, whereas heretofore between 500-700 was the average.

      Two permanent positions were eliminated as of July 1, 1976. He suggests that remedial action should be taken by controlling the telephone service; that much unnecessary time is taken up with questions and going over the claims with the processors. He will write a memorandum to the Board explaining what he feels should be done.

9. EXECUTIVE DIRECTOR'S REPORT (Continued)

b. Phoenix Mutual has been most cooperative with the processing of medicare claims, which has reduced the time spent in our office on medicare claims 60%.

c. The letter written to the Transport Workers' Union denying their request for an additional open enrollment period was read as follows:

"Mr. Samuel W. Walker, Secretary
Transport Workers' Union
San Francisco Municipal Trust Fund
25 Taylor Street
San Francisco, California 94102

Subject: Request for an Additional Open Enrollment Period in the Health Service System.

Dear Mr. Walker:

This will refer to your presentation before the Health Service Board at its regular meeting of September 14, 1976 regarding above subject and further will comply with your request that written notice of the Board's action be forwarded officially to your Union headquarters.

Please be advised that your request was discussed at some length with each Board member being called upon to state his views.

Following the discussion, a motion was introduced duly seconded and unanimously passed to deny your request for a new open enrollment period.

The Board regrets having to take this action but feels that it was not economically feasible or administratively possible to comply with your request.

Sincerely,

/s/ Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

for: Abraham Bernstein, M.D.
President, Health Service Board"

PJK:da

d. Letter was received from the Children's Hospital Health Plan requesting to present their plan to the System, which he calendared for the November meeting. Mention was made that at one time it was decided to have plans submitted in writing so that the Board could determine whether or not it merits a presentation in order to prevent unnecessary time both for the Board and the companies presenting their plan.

9. EXECUTIVE DIRECTOR'S REPORT (Continued)

Mr. Kearney offered to write the Children's Hospital requesting them to send their brochure and then having it calendared at a later date. However, since the matter had been calendared, he was advised to let it stand but in the future, to request the plan outline for prior Board review.

f. That tremendous interest has been shown by the Budgetary Personnel in the method of rate computation. He feels that indepth studies will be conducted after the rates have been established. A point to remember in duscussing rate figures is that we are actually operating 6 months (at least) behind the ten most populous counties as far as employer contributions are concerned. The information we receive is for the present fiscal year.

g. That management level of the City and County of San Francisco in the recent Salary Standardization Ordinance was given a life insurance policy and that Phoenix Mutual was the successful bidder. He felt that the door was open for introducing a life insurance policy for all employees; that it could be discussed further at rate committee meetings.

10. There being no further business to come before the Board, the meeting was adjourned at 4:40 P.M.

Respectfully submitted,

Philip S. Kearney

PHILIP S. KEARNEY
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR OCTOBER 12, 1976

MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Benefit for July through September 1976

	Contributions	Claims	Claim Ratio
Active Employees	$ 456,209	$ 489,986	105%
Retired & Resigned	194,145	214,521	110
Adult Dependents	314,148	309,687	99
Minor Dependents	119,279	144,472	121
TOTAL	$ 1,083,781	$1,158,666	107%

(2) Experience under Part I - Major Medical for July through September 1976

Active Employees & Dependents	$ 273,407	$ 309,740	113%
Retired & Resigned (No Medicare)	78,966	175,013	222
Retired & Resigned (Medicare)	137,734	166,452	121
TOTAL	$ 490,107	$ 651,205	133

(3) Experience under Blue Cross - Plan III

	Premium	Claims	Claim Ratio
July 1976	$211,985	$ 246,392	116
August	260,152	235,822	91
September	222,409	219,075	97
TOTAL	$694,546	$ 701,289	101

R A E L & L E T S O N

Consulting Actuaries

JBR:lc
10/12/76

C O P Y

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - NOVEMBER 9, 1976 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Barbagelata, John J. — Johnson, F. Walter
Bernstein, Abraham, M.D. — Lucibello, Frank
Hassing, Robert E. — Paretchan, Harry
Toomey, Thomas A.

4. Minutes of Regular Meeting - October 12, 1976, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman Harry Paretchan.

No appeals requested as of date of publication. Appeals will be heard, however, if received subsequent to publication of this Agenda.

7. Old Business.

a. Updated report on the Vision Care Plan for Medicare members.

b. Report on returned questionnaires from ten most populous counties. (Reports received to date.)

8. New Business.

a. Request for Membership in the Health Service System of Administrative Assistants and Stenographic Aides to the Board of Supervisors.

b. Presentation of Medical Plan - Mr. Aldo Giacchino, Executive Director, Children's Hospital Health Plan.

9. EXECUTIVE DIRECTOR'S REPORT.

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'C'

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

Minutes

TUESDAY - NOVEMBER 9, 1976 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Abraham Bernstein presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D.
Hassing, Robert E.
Johnson, F. Walter
Lucibello, Frank
Toomey, Thomas A.

ABSENT: Barbagelata, John J.
Paretchan, Harry - Excused

4. Motion by Commissioner Toomey, seconded by Commissioner Lucibello, that the Minutes of the Regular Meeting of October 12, 1976 be approved as submitted.

5. ACTUARIAL REPORT. Mr. Mike Clark, from the actuarial firm of Rael & Letson, in Mr. Juan Rael, Jr.'s absence, submittted the general report with statistical survey attached for the fiscal year July through October, 1976. Also attached is the San Francisco Medical Society Health Plan, Inc., report on Blue Cross for the month of October, 1976.

Mr. Clark reported that the claim ratio experience for both the basic benefits and the major medical were down from last month due to the three pay periods that occurred. The claim ratio experience for Blue Cross for the month of October was 80% and the overall experience, 95%, for the months of July through October.

6. APPEALS COMMITTEE. In the absence of Commissioner Paretchan, President Bernstein reported that there were no appeals heard by the Appeals Committee.

7. OLD BUSINESS.

a. Mr. Philip Kearney, Executive Director, reported that all of the preliminary work connected with implementing the vision plan for the retired members in Medicare has been completed. A letter of instructions on how members should use the plan will be enclosed, together with an explanation of how Medicare works in Health Service System; the packet will then be sent to Sacramento for enclosure of the brochures. The Care Plan will become effective January 1, 1977.

b. Mr. Kearney reported that eight of the ten most populous counties have responded to the questionnaire mailed in October 1976. It appears that the average so far has increased $4.57 per member per month and could possibly double last year's increase when all ten counties have reported.

8. NEW BUSINESS.

a. Mr. Kearney read the letter dated October 22, 1976 received from Margaret G. Maguire, Acting Clerk of the Board, regarding the request for membership in the Health Service System of Administrative Assistants and Stenographic Aides to the Board of Supervisors. The letter reads as follows:

"Philip J. Kearney
Executive Director
Health Service System
450 McAllister Street
San Francisco, CA 94102

Dear Mr. Kearney:

Supervisor Dianne Feinstein has asked that the Health Service System be requested to review its position with respect to membership in the system of Administrative Assistants and Stenographic Aides to the Board of Supervisors.

Supervisor Feinstein is currently attempting to recruit a Stenographic Aide and the absence of medical coverage coupled with a take home pay of approximately $300 bi-weekly, has proved discouraging to applicants.

Inasmuch as some Administrative Assistants and Stenographic Aides have been allowed to become members of the Health Service System at the same rates as permanent City employees, Supervisor Feinstein would appreciate your consideration of extending this privilege to all such positions since their number is small and this benefit would greatly aid efforts to fill these important positions.

Very truly yours,

/s/ Margaret G. Maguire

MARGARET G. MAGUIRE
Acting Clerk of the Board"

It was brought out that this matter has been heard previously and since Commissioner Paretchan was not present for the discussion, that the matter be tabled for the next regular meeting. It was SO ORDERED.

b. Presentation of Children's Hospital Health Plan. Mr. Kearney reported that letters have been received from several groups: Civil Service Building Maintenance Union, Local No. 66A, San Francisco Federation of Teachers, Local 61, Transport Workers Union, Local 250-A, Hospital and Institutional Workers' Union, Local 250, requesting that the Health Service System Board consider the Children's Hospital Plan as a 4th Plan to be offered by the System.

Mr. Kearney stated that representatives of the Children's Hospital Health Plan were present and requested through the Chair that they be permitted to

8. NEW BUSINESS. (Continued)

present their plan. Brochures outlining the plan were then distributed to Board members. Representatives present were Mr. Aldo Giacchino, Executive Director, Mr. Gerald Hill, Enrollment Director, James Forster, M.D., and Mr. A. B. McNabney, Consultant.

Mr. McNabney spoke stating that the Children's Hospital Health Plan is a non-profit prepaid Health plan operated by the Children's Hospital of San Francisco; that the member is not only being treated with quality care but is encouraged to have periodic physical examinations; it encourages a doctor-member relationship in that members could choose a doctor from their panel and remain with him. This is a closed panel concept.

The Health Plan has entered into a contract with the Medical Group of Children's Hospital, a multispecialty group of experienced certified attending physicians. All inpatient hospital and outpatient care will be provided at the Children's Hospital, (a 360-bed hospital installation).

Care for rare and special conditions which require greater specialization than that available through Children's Hospital Medical Group will be provided or arranged without charge through referrals to other physicians and institutions under this Agreement. A comparison of their health plan along with our three present plans was submitted on a sheet outlining their benefits.

Discussion followed and questions were asked by the Board members. Commissioner Toomey questioned whether full 'Medical Services' could be delivered to the membership considering the fact that the 'Medical Group' is committed to the hospital. He felt that a conflict of interest existed under their contract with the possibility that inefficient medical services could be delivered. He cited the example of a 'heart transplant'. It was clarified by Dr. Forster that in such cases where Children's Hospital Medical Group could not provide adequate service, the member is referred to other physicians and institutions with the capability in the community. Commissioner Toomey after the explanation still was not satisfied that a conflict of interest existed.

President Bernstein ended the discussion, thanked the representatives of the Children's Hospital Health Plan and told them that the Board would study the plan and that they would be informed of the decision made by the Board.

9. EXECUTIVE DIRECTOR'S REPORT. Mr. Kearney reported the following:

a. That the volume of work coming into the office makes it difficult to keep the work current; this coupled with the loss of two permanent positions; 1,490 unprocessed claims were on hand Monday morning, November 8, 1976.

b. A CETA worker has been employed exclusively to handle medicare claims. The girl is new and inexperienced but is improving daily.

c. Members of the Commission were invited to the offices of Phoenix Mutual to meet company executives from Hartford, Connecticut on Monday, November 11, 1976.

9. EXECUTIVE DIRECTOR'S REPORT (Continued)

Messrs. Sherman Wolff, Vice President of Group Life & Health, and Steve Serkey, Director of Group Claims, and James Shetley, General Sales Manager for the West Coast were in attendance.

It was learned from these gentlemen that Phoenix was losing money on the Health Service System account, and we were asked what action could be taken to correct the situation. They readily admitted a miscalculation on their part of the prohibitively high inflationary market in the West. They learned to their financial dismay, that the national averages did not hold true in San Francisco, California.

A discussion followed as to how basic benefits could be improved to alleviate their problem.

The three areas considered for increases were:

1. Hospital Room and Board
2. Office Visits
3. Surgical Unit

A request for the cost of increases in this area was forwarded to our actuary for computation. Upon receipt of the results, the Board will consider the matter.

10. There being no further business to come before the Board, motion was made by Commissioner Toomey and seconded by Commissioner Lucibello, to adjourn the meeting at 4:55 P.M.

Respectfully submitted,

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR NOVEMBER 9, 1976

MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Benefit for July through October 1976

	Contributions	Claims	Claim Ratio
Active Employees	$ 681,471	$ 665,507	98%
Retired & Resigned	266,992	299,174	112
Adult Dependents	453,974	434,859	96
Minor Dependents	172,370	186,648	108
TOTAL	$1,574,807	$1,586,188	101%

(2) Experience under Part I - Major Medical for July through October 1976

Active Employees & Dependents	$ 394,635	$ 394,169	100%
Retired & Resigned (No Medicare)	108,259	223,568	207
Retired & Resigned (Medicare)	185,582	211,179	114
TOTAL	$ 688,476	$ 828,916	120%

(3) Experience under Blue Cross - Plan III

	Premium	Claims	Claim Ratio
July 1976	$ 211,985	$ 246,392	116%
August	260,152	235,822	91
September	222,409	219,075	99
October	285,369	228,231	80
TOTAL	$ 979,915	$ 929,520	95%

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RAEL & LETSON
Consulting Actuaries

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - DECEMBER 14, 1976 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance

3. Roll Call: Barbagelata, John J. — Johnson, F. Walter
Bernstein, Abraham, M.D. — Lucibello, Frank
Hassing, Robert E. — Paretchan, Harry
Toomey, Thomas A.

4. Minutes of Regular Meeting - November 9, 1976, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman Harry Paretchan.

No appeals requested as of date of publication. Appeals will be heard, however, if received subsequent to publication of this Agenda.

7. Old Business.

   a. Resolution certifying to Board of Supervisors the average monthly amount being contributed by the ten (10) most populous counties in the State of California for Employees' medical care.

   b. Request for Membership in the Health Service System of Administrative Assistants and Stenographic Aides to the Board of Supervisors. (Tabled from last month)

   c. Decision on whether or not Children's Hospital Health Plan be offered to City Employees.

   d. Progress Report on Vision Care Plan for Medicare members.

8. NEW BUSINESS.

   a. Presentation by William T. Reed, representing Retired Employees CCSF Inc. (Mr. Reed requested that the Retired Employees be calendared.)

   b. Increase of Basic Benefits for Plan I effective January 1, 1977.

9. EXECUTIVE DIRECTOR'S REPORT.

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - DECEMBER 14, 1976 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with Commissioner Paretchan presiding. President Bernstein is out of the State at this time.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Hassing, Robert E. Paretchan, Harry
Johnson, F. Walter Toomey, Thomas A.
Lucibello, Frank

ABSENT: Barbagelata, John J.
Bernstein, Abraham, M.D. - excused

4. Motion by Commissioner Toomey, seconded by Commissioner Johnson, that the Minutes of the Regular Meeting of November 9, 1976 be approved as submitted. Commissioner Lucibello noticed a discrepancy in dates under the Executive Director's report - Item C. Commissioner Paretchan asked that the dates be corrected; the meeting with Phoenix Mutual executives took place on Monday, November 8, 1976 instead of Monday, November 11.

5. ACTUARIAL REPORT. Mr. Juan B. Rael, Jr. submitted the general report with statistical survey attached for the fiscal year July through November, 1976.

Mr. Rael reported that the Claim ratio experience increased from 101% to 111% under Basic benefits. There seemed to be a catch up in the claim situation. Under Major Medical November was a favorable month. The loss ratio dropped from 120% to 114%, the first time in five (5) months. Blue Cross had a bad month - $226,000 received for contributions and $247,000 was paid out for claims. This makes the claim ratio for November 109%; the overall experience is 98%. It appears all plans are in excess of 100% at this time. If you added administrative costs, Blue Cross is operating in the red.

6. APPEALS COMMITTEE. Chairman Harry Paretchan reported that there were no appeals heard by the Appeals Committee. Mr. Lucibello asked if he could read a letter he received from a LOUISE TWELLMAN, Plan I member, thanking the Health Service Board and staff for the courtesy shown her. Commissioner Paretchan also received a note from her and explained that the Board appreciates hearing from satisfied members.

7. OLD BUSINESS.

a. Mr. Kearney informed the Board that after receiving the needed information from all the counties, $5.24 is the total increase over last year's City contribution for health insurance. Mr. Kearney also reported that eight (8) out of the 10 counties are subsidizing dependents as well as the individual. Also, seven (7) out of the 10 counties are providing a dental plan in excess of the amount being contributed for pure medical care. An example of this is Contra Costa county;

The Regular Meeting of the Health Service Board was called to order at 7:30 P.M. with Commissioner Pemberton presiding. President Bernstein is out of the State at this time.

Pledge of Allegiance.

Roll Call:

PRESENT: Hennessy, Robert E. — Pemberton, Harry
Johnson, E. Wallace — Toomey, Thomas A.
Lubinski, Frank

ABSENT: Berkowitz, John J.
Burnside, Charles, M.D. - excused

Motion by Commissioner Toomey, seconded by Commissioner Johnson, that the minutes of the Regular Meeting of January 9, 1970 be approved as printed. Commissioner Lubinski noticed a discrepancy in date under the Executive Director's report - Item C. Donald Bruce Pemberton asked that the date be corrected. The motion with above is Mutual agreeable item, Item on Monday, January 5, 1970 instead of Monday, November 24,

ACTUARIAL REPORT: Mr. Dunn, Jr. said, in essence the report with explanation were already sent for the first year July through November, 1970.

Mr. Dunn reported that the Claim Paid experience has trend from 10% to 11% under monthly. There seems to be a notch up in the claim situation. Under Major Medical November was a favorable month. The loss ratio dropped from 100% to 84%, the first time in five (5) months. The first two a and month - $250,000 projected for contributions and $247,000 was paid out for claims. This makes the claim ratio for November 89%, the lowest all year except in 1969. It appears all plans are in excess of 100% at this time. If you added administrative costs, then costs is operating in the red.

ATTORNEY'S OPINION: Chairman Harry Pemberton read the opinion of Mr. Joseph Lubinski by its Legal Counsel. Mr. Lubinski asked if he could have a letter to receive from a Doctor Woodland, plan Trustee, regarding the Board to Service Board and Chief for the county at the time. Dr. Pemberton directed Mr. Lubinski a call from the explained that the Board appreciates being kept advised of matters.

OLD BUSINESS

a. Mr. Toomey inquired the Board that after receiving the medical information from all the counties, C.M.S. is the local insurer over less costs. They contributing for Health Insurance. Mr. Toomey also requested that Article (3) out of the counties are considering dependents as well as the employee. Also, Section (7) out of the 13 counties are providing a dental plan in excess of the Amount being contributed for plan medical care. In counties of this is Contra Costa County

7. OLD BUSINESS (Continued)

the city is contributing approximately $80 per month towards the family's cost and additionally, a dental plan is being offered at $21.00 per month for the family. San Francisco is ranking low on the totem pole in comparison to these other counties since we are one of the ten most populous counties (excluded for this survey).

Also Mr. Kearney informed the Board that there is only one other county in the State of California which administers its own plan and that is Los Angeles. There are a few counties which are attempting this now.

Motion was made by Commissioner Toomey and seconded by Commissioner Paretchan to accept the survey and forward to the Board of Supervisors.

There being no objections,it was SO ORDERED.

b. We have received a letter from the Board of Supervisors requesting that we allow temporary Stenographic Aides in the Health Service System. Mr. Kearney stated that as a result of our last election, these jobs will come under the Civil Service Commission and examinations will be held for them. In the meantime, Commissioner Paretchan recommended that Mr. Kearney notify the Board of Supervisors that both Kaiser and Blue Cross have plans for temporary employees.

c. Commissioner Paretchan suggested that Juan B. Rael, Actuary for this System, look over the proposed health plan being offered by Children's Hospital to City employees to compare the benefits with the rate structure. The Board would like our Actuary's opinion before they consider accepting a new plan. Also, the members representing Children's Hospital were informed that should the Health Service Board decide to implement their plan, they would need 1,000 signatures from employees stating they would consider joining and at least 600 known employees enrolled in the plan when it becomes effective.

An indication of rates at this time are as follows: Employee cost would be $33.00; (this amount is exclusive of the City's contribution). Employee + 1 dependent = $61.25; and Employee + 2 or more dependents = $86.50 per month. Mr. Giacchino, Executive Director from Children's Hospital said he would be happy to present to Mr. Rael the entire operation of the plan and suggested that Mr. Kearney and any Board member who would like a personal look at the operation and facilities are most welcome.

Commissioner Hassing suggested that the Board hold a special meeting after they hear from Mr. Rael. Mr. Kearney asked that the Board have a decision before the second Tuesday in January so that we will have no interference with functions to be accomplished prior to our May 1, 1977 Sign-Up period.

Both Commissioners Paretchan and Toomey feel that the Board should not rush into making any definite decisions until they take a thorough look at all the aspects of the plan. The Board has agreed to wait until Dr. Bernstein has returned and they will then call a Rate Committee meeting.

7. OLD BUSINESS (Continued)

d. Mr. Kearney stated that the Health Service System staff has completed addressing the envelopes for all members in Medicare now eligible for our Vision Care Plan. Mr. Kearney has also prepared three (3) letters for our members information and guidance. The letters are as follows: 1) How the Vision Plan works; 2) An updating of our Rules & Regulations for those eligible for Medicare; and 3) An explanation of how our Major Medical carrier processes claims for those in Medicare. Mr. Valine from Vision Service Plan came down to our office last week and picked up the envelopes which are presently being placed in zip code order to be mailed out during the last week of December, 1976.

Commissioner Paretchan informed all the members that he has heard nothing but good words in regard to the Vision Service Plan from individuals who have taken advantage of the plan. Commissioner Paretchan also informed Mr. Valine that the Board is very happy that VSP is a part of our benefit structure.

8. NEW BUSINESS.

a. Mr. William Reed, a representative for Retired Employees of the City and County of San Francisco, commented that he was pleased with Mr. Kearney's distribution of the three (3) letters to all Retired members. He stated that this information is greatly appreciated by everyone. He commended Mr. Kearney and the Health Service System staff on the good job they have performed in helping those who are retired even though we are presently understaffed and the workload has doubled in the last few months.

Mr. Reed asked if he could make a few requests to the Board; one is that the present deductible of $75 be reduced to $60 which is what Medicare members are currently paying. Having two different deductibles seems to cause much confusion for these older members. Also he asked that the Hospital Room & Board rate of $120 per day for 365 days, which he feels is a little overrated because no one spends 365 days a year in a hospital, be changed to cover more towards the daily cost of the room and instead of coverage for one year, change it to six months.

Mr. Reed had one last suggestion and that was to see if the Board would consider some kind of medical care for those who are disabled and who cannot afford to pay $1,200.00 a month which is what extended care facilities are charging today. For example, it would help the Retired employees out if Plan I would include in their benefits payment for having a skilled nurse come into the home.

Before Mr. Reed finished speaking, he did commend the Board and Executive Director for being so cooperative and helpful in making Plan I what it is today. He just asked that they would discuss what he has proposed and hopefully there may be a few changes more beneficial to those who are retired.

b. The Board has discussed an increase of Basic benefits. Mr. Rael has gone over the proposals and if the improvements are approved, it will cost the Health Service Plan I approximately $182,000 for the next six months. The four items are as follows:

1. A $10 increase in the hospital room and board; from $120 a day to $130.

8. NEW BUSINESS (Continued)

2. A $200 increase in the hospital auxiliary costs (extras); from $2,400 to $2,600 each fiscal year.
3. A $2 increase in office visits.

4. A $5 increase in the surgical unit allowance; from $35 to $40.

9. EXECUTIVE DIRECTOR'S REPORT.

Mr. Kearney advised the Board that we have a new CETA employee working strictly with Medicare claims. Last week we had 500 Major Medical claims 'in-house' and 836 Basic Benefits. If we had the 1476 - Sr. Claims Process Clerk which was deleted from our Table of Organization, these figures would be down by one-third. Presently the Claims Supervisor and Assistant are trying to fill in the gap; it is almost physically impossible to do the work. However, a supplemental appropriation request has been hand carried to City Hall and hopefully we will get back the positions deleted.

10. There being no further business to come before the Board, motion was made by Commissioner Toomey, seconded by Commissioner Lucibello to adjourn the meeting at 5:15 P.M.

Respectfully submitted,

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR DECEMBER 14, 1976

MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Benefit for July through November 1976

	Contributions	Claims	Claim Ratio
Active Employees	$ 839,821	$ 935,850	111%
Retired & Resigned	344,428	408,443	119
Adult Dependents	563,899	578,136	103
Minor Dependents	214,107	255,782	119
TOTAL	$ 1,962,255	$ 2,178,211	111%

(2) Experience under Part I - Major Medical for July through November 1976

Active Employees & Dependents	$ 486,664	$ 461,514	95%
Retired & Resigned (No Medicare)	139,401	282,376	203
Retired & Resigned (Medicare)	233,122	239,898	103
TOTAL	$ 859,287	$ 983,788	114%

(3) Experience under Blue Cross - Plan III

	Premium	Claims	Claim Ratio
July 1976	$ 211,985	$ 246,392	116%
August	260,152	235,822	91
September	222,409	219,075	99
October	285,369	228,231	80
November	226,244	247,190	109
TOTAL	$ 1,206,159	$ 1,176,710	98%

R A E L & L E T S O N

Consulting Actuaries

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HEALTH SERVICE SYSTEM
OF THE CITY AND COUNTY OF SAN FRANCISCO

SPECIAL MEETING OF THE HEALTH SERVICE BOARD
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

MONDAY - JANUARY 10, 1977 - 10:00 A.M.

DOCUMENTS
JAN 7
SAN FRANCISCO
PUBLIC LIBRARY

A G E N D A

1. Call to Order.

2. Pledge of Allegiance

3. Roll Call: Barbagelata, John J. Lucibello, Frank
Bernstein, Abraham, M.D. Johnson, F. Walter
Hassing, Robert E. Paretchan, Harry
Toomey, Thomas A.

4. New Business.

The following items have been calendared for discussion:

a. Rate Schedules and Benefit adjustments in Plan I for Fiscal Year 1977 - 1978.

b. Children's Hospital Health Plan.

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'C'

HEALTH SERVICE SYSTEM
OF THE CITY AND COUNTY OF SAN FRANCISCO

SPECIAL MEETING OF THE HEALTH SERVICE BOARD
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - JANUARY 10, 1977 - 10:00 A.M.

1. The special meeting of the Health Service Board was called to order by Commissioner Toomey, Chairman of the Rate Committee.

2. Pledge of Allegiance:

3. Roll Call:

PRESENT: Hassing, Robert E.
Johnson, F. Walter
Lucibello, Frank
Paretchan, Harry
Toomey, Thomas A.

ABSENT: Barbagelata, John J.
Bernstein, Abraham, M.D. - excused

4. NEW BUSINESS.

a. Before discussing benefit improvements, Com. Toomey, made the following announcements: 1) that the survey of the ten most populous counties had been completed and that a letter certifying the average amount had been forwarded to the Board of Supervisors and had passed the L & P Committee and is now before the full Board for its first reading. The average amount, $32.54 per month, will become effective July 1, 1977 for City subsidy per employee. 2) that the Vision Plan for retired members in Medicare had become effective January 1, 1977 and read the benefit improvements that became effective January 4, 1977 as follows:

1. Hospital room increased to $130; auxiliary costs, $2,600.

2. Physician-Medical visits and hospital calls increased to $14; home visits, to $20.

3. The Surgical unit (Relative Value Studies) was increased from $35 to $40.

Mr. Kearney brought out that the cost of the above benefit improvements would be $182,000 to the system; that by upgrading our benefits at midyear, we are taking the financial burden off of the Phoenix Mutual in that amount.

Mr. Kearney referred to the Revenue and Expenditure report of the Health Service System, bringing the attention of the Board to the operating surplus, $413,148.01. He stated that two rolls in the amount of $145,000.00 are being processed which will reduce the amount of operating surplus to approximately $268,000.00; over a six-month period, the benefit improvements will effect that figure downward; which is the reason for reviewing Phoenix Mutual's rate increase for next fiscal year.

4. NEW BUSINESS (Continued)

Commissioner Toomey read the total membership statistics of all three plans: 26,545 members in Plan I; 36,835, in Kaiser and 5,820, in Blue Cross. Before benefit improvements for fiscal year 1977-1978 were discussed, Commissioner Paretchan suggested that a drug plan be considered. He felt that the Basic benefits with the added vision plan had been updated sufficiently.

Mr. Rael felt that an area missing was a dental plan and suggested and preferred that it be self-funded.

Commissioner Paretchan was still in favor of a drug plan and asked Mr. Rael if he could not see what could be obtained for around $2.50. He did not feel there was enough money for a dental plan; he mentioned the Fire Department's dental plan where all services are obtained at reduced prices with a closed panel cost around $6.00 per member and $16.00 per family.

Commissioner Lucibello was in favor of a dental plan for the member only and have the member pay for his family.

Mr. Rael also mentioned that the Health Service System could self-fund a drug plan for the family at around $4 or $5.00.

Commissioner Toomey asked Mr. Rael to cost out the following benefits effective July 1, 1977:

1. Raise hospital room $10 from $130 to $140.

2. Raise hospital auxiliaries $200 from $2600 to $2800.

3. Raise surgical unit from 40 to 45 units on the Relative Value Studies.

4. Raise Anesthesiologist 2 units. It was brought out by Mr. Kearney that we pay the lowest in that area; that we pay $7.00 per unit which is lower than Medi-Cal's $11.00 to $13.00 per unit.

5. Maternity: Raise to $700 toward hospital charges and $700 toward professional services.

6. X-Ray Therapy: Increase to $250.

7. Ambulance: $15 to $20 increase.

8. Drugs and Medicines: Investigate to see whether a plan could be obtained for around $2.50 per member.

9. Major Medical: Lower deductible from $75.00 to $60.00.

Convalescent and Psychiatric care were discussed and it was brought out that benefits in those areas could not be increased at this time.

b. Mr. Kearney announced that Children's Hospital representatives were not notified of this meeting and that they would submit their rates at tomorrow's regular meeting.

4. NEW BUSINESS (Continued)

Mr. Rael was asked to give his opinion on the Children's Health Plan. Mr. Rael gave his observations as follows: Children's Hospital Health Plan should respond to questions regarding their experience and whether they could handle a group of this size; he felt that Children's Hospital Health Plan would be competing with Kaiser Health Plan and could possibly take over the Blue Cross program; he felt Children's Health Plan qualified in all aspects but his only concern was their very limited experience.

Commissioner Toomey felt that Blue Cross members would most likely transfer to Plan I. Commissioner Lucibello spoke stating that recently he had toured the facilities with Mr. Hill of Children's Hospital and that he thought the facilities very nice. He stated that the health plan had just entered into a contract with the printers group, to which Mr. Rael agreed to have heard but added that he also was told that the printers were selecting the program that they would go into and that he had mentioned it to Mr. Kearney that it would be interesting to know what program they would select - Kaiser or Childrens.

Commissioner Lucibello commented that assuming the rates were in line, he felt that the competition developed with Kaiser would be healthy for the System. He mentioned that he has had many complaints about Kaiser, not necessarily on their treatments, but that members have had a long wait of 6 weeks to 2 months for doctors appointments. He felt that Children's would take more members from Kaiser than from Blue Cross as members who could afford Blue Cross would remain in Blue Cross. He felt that some members would transfer from Plan I and that should relieve administrative pressure.

Commissioner Paretchan did not feel that there should be pressure put on the Board to accept the plan.

Commissioner Hassing stated that after studying the plan he felt it was quality and suggested that a special meeting be held to discuss the plan. A point mentioned was that Children's Hospital Health Plan, a prepaid plan, would not involve Health Service System staff other than for the collection of contributions; however Mr. Rael brought out that the involvement would be problems arising concerning their medical delivery. It was brought out that Children's Hospital had 800 contract members with their dependents; of the 800, a little over 200 are represented by the printers union. Mr. Rael was reluctant to recommend CHHP this year; he felt that a better judgment could be made after another year's experience; also, the time frame is very tight in that they would have to get the 1,000 signatures and put the plan together.

c. Mr. Mark Hellender, Kaiser Representative, submitted the Kaiser rates for 1977-1978: Employee - $31.75; Employee + 1 - $63.50; Employee + Family - $92.02. It was brought out that the Kaiser rate was lower than the City subsidy. Mr. Hellender was asked to adjust the rates, i.e. to add a nominal amount to the employee rate and to adjust the plus one and plus family rates accordingly in order to arrive at the same revenue figures. This would avoid accumulating a deferred credit account at the Controllers.

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - JANUARY 11, 1977 - 4:00 P.M.

DOCUMENTS

A G E N D A

1. Call to Order.

2. Pledge of Allegiance

3. Roll Call: Barbagelata, John J. — Johnson, F. Walter
Bernstein, Abraham, M.D. — Lucibello, Frank
Hassing, Robert E. — Paretchan, Harry
Toomey, Thomas A.

4. Minutes of Regular Meeting - December 14, 1976, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman Harry Paretchan.

No appeals requested as of date of publication. Appeals will be heard, however, if received subsequent to publication of this Agenda.

7. Old Business.

   a. Final Passage of Ordinance increasing certain Basic Benefits in Plan I.

   b. Report by System's Actuary on Children's Hospital Plan.

8. New Business.

   a. Progress report from Commissioner Toomey on Rates for the Fiscal Year 1977 - 1978.

9. Executive Director's Report.

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'C'

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - JANUARY 11, 1977 - 4:00 P.M.

. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Bernstein presiding.

. Pledge of Allegiance.

. Roll Call:

PRESENT: Bernstein, Abraham, M.D. — Lucibello, Frank
Hassing, Robert E. — Paretchan, Harry
Johnson, F. Walter — Toomey, Thomas A.

ABSENT: Barbagelata, John J.

. Motion by Commissioner Paretchan, seconded by Commissioner Lucibello, that the Minutes of the Regular Meeting of December 14, 1976 be approved as submitted.

. ACTUARIAL REPORT. Mr. Juan Rael, Jr., submitted the general report with statistical survey attached for the fiscal year July through December 1976. He reported that the Claim Ratio experience under Basic Benefits was still at 111% and that Major Medical showed adverse experience by going from 114% to 118%. The only good experience was with Blue Cross showing an experience of 82% bringing the overall to 95%. The report shows cash claims and he understands that Mr. Lavine has estimated incurred claims that have not been paid. With their retention of 10% it obviously shows that they are operating in the red.

. APPEALS COMMITTEE. Chairman Harry Paretchan reported that there were no appeals heard by the Appeals Committee.

. OLD BUSINESS.

a. Mr. Kearney, Executive Director, reported that the final passage of Ordinance increasing Basic Benefits in Plan I was passed by the full Board at its second and final reading on January 3, 1977 and read the improved benefits effective January 4, 1977 as follows:

1. Room and Board were increased from $120 to $130.
2. Hospital auxiliary increased from $2,400 to $2,600.
3. Physician-Medical visits and hospital calls increased to $14; home visits, to $20.
4. The Surgical unit (Relative Value Studies) was increased from $35 to $40.

b. President Bernstein asked Mr. Rael to report on the actuarial point of view on Children's Hospital Health Plan. Mr. Rael reported that he had spoken with the representatives of Children's Hospital Plan and had just been given the rates which he had not gone over. His observation is that the rates are lower than Kaiser for the next fiscal year for the employee plus one and plus family;

7. OLD BUSINESS. (Continued)

however, the employee rate would be approximately the same. They are offering a fairly extensive package at a lower rate than Kaiser and would be competing more directly with Kaiser. He stated that they were a quality plan and that he was not reluctant as to their ability to deliver, but had two concerns and that is their ability to secure the 1,000 signatures and the 600 participating members. He is also concerned about their lack of experience in delivering to so large a group inasmuch as they do not have many prepaid subscribers and the City would be their largest group. He mentioned this so that the Board would consider the problems that arise with prepaid plans, reminding them of the problems that existed with the Bay Medical Group.

Present from Children's Hospital were Mr. Giacchino, Executive Director of the Health Plan; Mrs. Ross W. Beales, member of the Board and past president of the Board of Directors, and Dr. James E. Forster, Medical Director of Physicians who are providing the service.

Commissioner Hassing spoke stating that to him Children's Hospital is synonymous with experience, integrity, and fine professional service. He felt it a quality plan and seriously recommended considering this program.

Commissioner Johnson asked their current number of subscriptions and whether 10,000 members was their maximum, to which Mr. Giacchino answered that the current operation provides service to about 750-800 prepaid subscribers and to about 7-8,000 members on a fee for service basis; the volume provided for fee for service is probably in the magnetude of 30-40,000 outpatient services a year and several days of inpatient hospital day care. It is the prepaid portion of the operation that they want to broaden.

Mr. Giacchino commented that they have tried to develop a program for City Employees that would be of interest in a rate, as well as of a service point of view and because of an additional choice that it offers. The rate is somewhat lower than Kaiser; also the benefits, primarily prescription drugs. He felt that they could meet the minimum requirement of signatures and the minimum of 600 members or to exceed that in the remaining few months. They feel that some of the employees selecting their plan are already using their services and facilities. In addition, they would invite the City employees to visit the facilities to familiarize themselves at first hand.

Commissioner Toomey, referring to the letter submitted by Children's Hospital where it is mentioned that the rates and plan are applicable to both permanent and temporary employees, told Mr. Giacchino that the 600 minimum enrollment requirement included permanent employees only; that the plan for the temporary employee was handled separate and by direct payment to the hospital plan by the employee. Mr. Giacchino answered that it could be arranged.

Commissioner Lucibello compared the benefits of the Children's Hospital Plan against all three plans shown on the comparison sheet, elaborating in detail as to coverage and benefits not covered and mentioning the good features of the plan; has talked with co-workers about the plan and it seems that a vast majority are pleased with the benefits provided.

7. OLD BUSINESS (Continued)

Mr. William Reed, representing the 6300 retired employees, through the Chair, asked Mr. Giacchino whether the retired members not eligible for continued membership in the Health Service System because of the 10-year and now the 5-year rule, would be accepted by the Children's Hospital plan; if they would be considered after the Board were to adopt the plan, he asked Mr. Giacchino to speak before the retired group about the plan.

Questions were asked by the Board concerning the operation of the plan and they were answered as follows: Physicians are scheduled for sessions in each of the specialties; if one chose not to see the physician of that day, one can see another physician another day; in other words, services are all provided at Children's Hospital; the member does not go to the individual physician's office. In an emergency, after seeing the physician of the day, one can continue with him for follow-up. In some specialties, one doesn't have total unlimited access as you would as a private patient. In primary care, general medicine, pediatrics and obstetrics, one can choose his own physician at the time, but in the other specialties, there is a rotation of physicians to be on call for that day, week or month simply because there isn't the volume.

In the event that they would not have the extensive facilities to take care of a case, they would refer the case elsewhere for further treatment; in the case of cardiac surgery, the only principle service not offered at the hospital, they have concluded more definite arrangements with the surgeons at the University of California for both consultation and surgery.

The primary care for adults is given by specialists on the panel; namely 8 internists, 5 Pediatricians and all Obstetrics and Gynocologists. They provide the primary care in the outpatient clinic; one sees the physician who is on service that day; there is no obligation to stay with the physician who sees one; it is just an arrangement for people who want to drop in and get service. Resident physicians are also in the clinic as well as the physician for the day; it could happen that the patient will be seen by the resident physician 25% to 50% of the time. It was brought out that they were actually amalgamating their clinic operation with their prepaid membership and their fee-for-service patients. Members would receive the list of doctors on the panel who are also on Children's Hospital staff, without their business address and telephone numbers.

8. NEW BUSINESS. Commissioner Toomey, Chairman of the Rate Committee, reported that the Rate Committee met and asked Mr. Juan B. Rael, Jr., Actuary, to cost out certain benefit improvements for fiscal year 1977-1978;

1. A $10 increase in the hospital room and board; from $130 to $140.
2. A $200 increase in the hospital auxiliary; from $2,600 to $2,800.
3. Increase Surgical unit from 40 to 45 units;
4. Increase Anesthetist 2 units;
5. Maternity increase to $700 for both hospital charges and normal delivery;

8. NEW BUSINESS (Continued)

6. Outpatient X-Ray and Laboratory from $200 - an increase of $50 and also of $100;

7. Ambulance. A $20 increase from $100 to $120;

8. Drugs and Medicine. A drug plan or other ideas on improving benefit.

9. Reducing the Major Medical deductible of $75 to $60.

Commissioner Toomey announced that as soon as the cost figures are completed, the Rate Committee will meet and make more definite plans on the rate structure.

Mr. Kearney, through the Chair, brought out that consideration should be given to two factors in setting the rates: 1) that at least 50% of our members live out of town and 2) that rates for hospital room and board in surrounding areas 50-60 miles outside of San Francisco are from $120-$165 per day; that the rates we have been considering are the rates of San Francisco which are the highest.

Commissioner Toomey also announced that rates were received from Kaiser for fiscal year 1977-1978 and they were up 6.7% from last year; with the City's contribution increase of $5.24, it will represent a very minimal increase to the employee.

Mr. Lavine brought the Board's attention to Blue Cross experience exhibited in Mr. Rael's report. In addition to that concern, he mentioned that Blue Cross has subsidized the City and County account $1 million dollars. Including City Contribution, rates assumed and not projected, at a minimum 30% increase for fiscal year 1977-1978 would be: Employee - $50.04; Employee + 1 - $108.12; Employee + Family - $132.82 per month. Blue Cross is asking for financial help and is formerly asking the Health Service Board to consider 1) either or both, to subsidize the accumulative deficit as of July 1978 in excess of $1 million dollars, meaning that an agreement by the Health Service System to reimburse the amount that Blue Cross carries as a deficit as of July 1978. 2) to subsidize employees out-of-pocket expense for those employees who continue Blue Cross. Another point brought up was the considerable effect Muni's reduction of budget would have on Blue Cross. That coupled with the high rate, he anticipated that their membership of 2800 could be reduced to around 2000 with the exodus of members.

Commissioner Toomey asked Mr. Lavine had Blue Cross considered cutting back on the coverage in bad experience areas and maternity, to which Mr. Lavine answered that Blue Cross does not wish to represent themselves in any other way to the City and County than as a Cadillac plan. They feel a need for that high level program. To the question that Commissioner Hassing posed, whether they found any area of their loss ratio due to Muni, Mr. Lavine answered that the account is not controlled by department codings. They know there are 550 Muni Drivers through Health Service System assistance and can expect 500 terminations.

9. EXECUTIVE DIRECTOR'S REPORT. Mr. Kearney reported the following:

a. That incoming calls and counter calls to the Claims Section were stopped for three days between Christmas and New Years. The 1065 on hand claims were reduced to 248 during the 3-day period. The count for both major medical and basic benefits as of January 10, 9:00 A.M. was 654 on hand; that is exclusive of the Medicare claims.

9. EXECUTIVE DIRECTOR'S REPORT (Continued)

b. A supplemental appropriation for the two positions deleted from the Table of Organization on July 1, 1976 was taken to the Board of Supervisors. It is presently in process of going before the Finance Committee and we are 98% assured that the positions will be obtained.

c. Mr. Kearney requested a Resolution of approval from the Board relative to his expenses for the last six months, July through December, in the amount of $388.38.

Motion by Commissioner Paretchan, seconded by Commissioner Lucibello, that a resolution be drawn to approve expenses for the last six months, July through December, in the amount of $388.38 for Mr. Philip J. Kearney.

d. Requested that Phoenix Mutual's proposed rates and Blue Cross proposed rates be submitted as soon as possible.

Mr. Lavine stated that an answer to his proposal is necessary before any rates can be quoted and requested that it be in writing. Mr. Kearney answered that his second proposal was answered by the language in Proposition 'O' which stipulated the City's contribution and told him that he could have a copy of the Proposition; also that the City subsidy was equal for all plans.

e. Reminded the Board that the Annual Public Hearing Meeting would be held on Thursday, January 20, 1977, at 6:00 P.M. in Room 228.

10. President Bernstein thanked the representatives of Children's Hospital Health Plan for attending the meeting and to Mr. Giacchino's question as to when the Board will reach a decision, he answered the middle of February or before if possible.

Mr. Kearney interjected that regardless of the Board's decision on the Children's Hospital Health Plan to adopt the plan for permanent employees, we could cooperate with them to provide service to our temporary employees by informing them of the plan as we do with Kaiser; also inform the retired employees.

11. There being no further business to come before the Board, motion was made by Commissioner Paretchan and seconded by Commissioner Lucibello to adjourn the meeting at 5:00 P.M.

Respectfully submitted,

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR JANUARY 11, 1977

MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Benefit for July through December 1976

	CONTRIBUTIONS	CLAIMS	CLAIM RATIO
Active Employees	$ 1,003,333	$ 1,130,374	113%
Retired & Resigned	421,023	465,870	111
Adult Dependents	674,397	712,102	106
Minor Dependents	256,063	299,152	117
	$ 2,354,816	$ 2,607,498	111%

(2) Experience under Part I - Major Medical for July through December 1976

Active Employees & Dependents	$ 580,358	$ 578,604	100%
Retired & Resigned (No Medicare)	169,734	347,991	205
Retired & Resigned (Medicare)	282,481	287,032	102
	$ 1,032,573	$ 1,213,627	118%

(3) Experience under Blue Cross - Plan III

	PREMIUM	CLAIMS	CLAIM RATIO
July 1976	$ 211,985	$ 246,392	116%
August	260,152	235,822	91
September	222,409	219,075	99
October	285,369	228,231	80
November	226,244	247,190	109
December	222,246	182,919	82
TOTAL	$ 1,428,405	$ 1,359,629	95%

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HEALTH SERVICE SYSTEM
OF THE CITY AND COUNTY OF SAN FRANCISCO

SPECIAL MEETING OF THE HEALTH SERVICE BOARD
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

WEDNESDAY - JANUARY 19, 1977 - 1:30 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call:

Barbagelata, John J.	Lucibello, Frank
Bernstein, Abraham, M.D.	Johnson, F. Walter
Hassing, Robert E.	Paretchan, Harry
Toomey, Thomas A.	

4. Discussion on Childrens Hospital Medical Plan.

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'C'

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HEALTH SERVICE SYSTEM
OF THE CITY AND COUNTY OF SAN FRANCISCO

DOCUMENTS
MAR 25 1977
SAN FRANCISCO

SPECIAL MEETING OF THE HEALTH SERVICE BOARD
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

WEDNESDAY - JANUARY 19, 1977 - 1:30 P.M.

1. The Special Meeting of the Health Service Board was called to Order at 1:30 P.M. with President Bernstein presiding, to discuss the Children's Hospital Health Plan..

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D.
Lucibello, Frank
Johnson, F. Walter
Paretchan, Harry
Toomey, Thomas A.

4. Representatives of Children's Hospital were: Mr. Aldo Giacchino, Executive Director, CHHP; Dr. James Forster, Medical Director of the Medical Group; Dr. Robert Kiyasu, Chief of Medical Staff; Mrs. William A. Bentley, Chairman, Board of Directors; Mr. Jerry Hill, Staff member of the Plan; Mr. Robert C. Hensmore, Administrator at Children's Hospital; Mrs. Ross W. Beale, member and past president of the Board of Directors.

Dr. Bernstein informed them that the Board had carefully studied their plan and asked Board members to give their opinions:

Com. Toomey felt that the plan was one year ahead due to lack of experience with large groups and was disturbed about the phase of the plan whereby a member using the services may never see a doctor of his choice and only be seen by the resident doctor. He also had reservations about the procedure for cardiac patients. He felt that before adopting a plan more than one plan should be considered; also stated they should present their plan again next year.

Commissioner Paretchan agreed with Commissioner Toomey in that he felt that the plan was one year ahead; he felt that adding more members could create a hardship.

Commissioner Johnson felt the same concerns expressed by the other two members. While he thought the plan excellent, he was concerned about who would be seeing the patient in the clinic.

Commissioner Lucibello felt the plan outstanding, excellent benefits and liked many features of the plan; that 3 or 4 plans were good for competition. His concern was, would the employee be taken first or wait his turn along with the rest of the outpatients. Could one choose his doctor for surgical procedure ahead of time and follow up with a certain surgeon on the panel.

President Bernstein had no objections to the doctors on the panel nor the service; he objected to the member not being able to go to the physician's office, call the physician and asked whether they made house calls. When the member registers at the outpatient department, is he treated like all other patients; will the City and County group be your 4th group in the out-patient department. Are the panel of doctors the only doctors working in your out-patient department? That if the patient has to return to the outpatient department the next day or day after, the patient will not see the same doctor but the doctor on duty.

In answer to questions, the following was brought out: that effort has been made to get away from the old method of operating clinics; attempt has been made to have continuity of care and an appointment system. Not every doctor is there every day. In the primary care they are there every day 8 hours a day, 5 days a week and are on call. The physician's time are staggered to give continuity of care.

They have an emergency room, a drop-in clinic for those without appointments, and a clinic that follows an appointment schedule.

Mr. Kearney asked what is the affiliation between the Children's Hospital and medical group of physicians. To what degree is the hospital behind this group? Lessor or Lessee? For the emergencies and conditions beyond the scope of the physician's duty, is it a strong relationship? If a relationship existed that in any way divorced the emergency services and staff of Children's Hospital as such from the closed panel group concept, he would not be in favor of the plan.

His question was answered that the plan is not separate nor distinct from the Children's Hospital. It is one of the component activities of the hospital and is operated by the Board of Directors.

Mr. Kearney brought out that when you have an agency and a principle, you don't have a contract to get the job done; he asked why the hospital had to contract with the group. He was answered that there is no contract between the plan and the hospital. The plan is the hospital. Instead of hiring physicians on a salary basis, they have contracted with the physicians on the staff to provide the physician services.

Any member coming for service will be treated like any other member being admitted to Children's Hospital. The member may drop in or make an appointment or go to the emergency. All physicians on the staff were given the opportunity to participate in the health plan after being approved by the Board of Directors. The physicians on the panel are those who chose to participate. They are providing a large volume of service now to a very sizeable operation. Between 6-7 thousand people are receiving primary care. To add 1 to 2 thousand would not strain them. The intent and design of the plan is to have it grow to around 10,000 members over a period of time. They have at the present time 800 prepaid members and 6-7 thousand fee-for-service members. They are prepared to do what is necessary to make it work. Their motivation in starting the plan was to branch out and gain experience with many modes of delivering medical care. It was felt that there was a national move in this direction.

They have just completed a survey of their prepaid plan and members have responded favorably in terms of service. It was brought out that they have attempted to give the feeling of being in a doctor's office and not a production line. It is a personal and private type of medical delivery. Home visits are made at all hours of the day or night when it is necessary to do so. They have opened a small laboratory for routine lab tests in that area. Outside of the area, they pay 80% of the bill in or out of the city if the member is not able to get to Children's Hospital.

They have an advisory committee composed of some members of the Board of Directors of the hospital, some physician members and would like some subscriber members to be part of the committee to oversee the plan.

If a member requests a doctor he will obtain that doctor and make routine appointments to see that doctor. Discussion was ended and President Bernstein thanked the representatives of Children's Hospital and told them that they would inform them of their decision the beginning of the week, at which time they departed.

5. Mr. Kearney reminded the Board of the Budget that was passed out and asked whether there were questions from the Board; that it is up $63,781 over last year.

Mr. Kearney informed the Board that Phoenix Mutual is requesting a 51% increase this year. The new improvements effective January 4, 1977 have not been included in their experience data nor has the effect of that increase been projected for the following fiscal year. The $182,000 that we picked up for them from the 4th of January to the 30th of June equates with around $182,000. It does not appear in their figures and should equate with about 18% reduction bringing it down to 33% increase. Mr. Rael felt that the 51% increase was too high.

The figures that we have to consider for next year are: $5.24 per month pertains to 9150 employees so when that is multiplied by 12 that equates with about $576,000 which will be the City increased contribution for next fiscal year for active employees; there will be a small increase for retired subsidy.

The Vision Care Plan is costing $365,000. When we implemented the Plan, we decided we had an operating surplus which should be eroded in part to finance it. CVS is requesting $4.10 per month. CVS is to refine the figure, as he felt that they were combining 6 months experience of the medicare members with the active employees.

President Bernstein mentioned that while they were still in session, he felt that a decision should be made on the Children's Hospital Plan.

Motion was made by Commissioner Paretchan and seconded by Commissioner Johnson, that the Children's Hospital should be contacted, thanked for presenting their plan and informed that at this time we do not accept their plan but that they resubmit the plan at a later date.

Their being no further business to come before the Board, the meeting was adjourned at 3:05 P.M.

Respectfully submitted,

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

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HEALTH SERVICE SYSTEM

CITY AND COUNTY OF SAN FRANCISCO

TELEPHONES
Administration 558-3701
Claims 558-4761
Membership 558-4322

450 McALLISTER STREET
SAN FRANCISCO, CALIFORNIA 94102

PHILIP J. KEARNEY
Executive Director

PLEASE POST PLEASE POST

OFFICIAL NOTICE

In compliance with Section 8.423 of the

Charter of the City and County of San Francisco

THE HEALTH SERVICE BOARD

announces its

ANNUAL PUBLIC HEARING MEETING

to be convened on

THURSDAY EVENING, JANUARY 20, 1977

AT 6:00 P.M.

in the

BOARD OF SUPERVISORS - COMMITTEE ROOM

ROOM #228

CITY HALL

SAN FRANCISCO, CALIFORNIA

ALL ARE INVITED TO ATTEND

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

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HEALTH SERVICE SYSTEM
OF THE CITY AND COUNTY OF SAN FRANCISCO

SPECIAL MEETING OF THE HEALTH SERVICE BOARD
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

THURSDAY - FEBRUARY 3, 1977 - 2:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Barbagelata, John J.
Bernstein, Abraham, M.D.
Hassing, Robert E.
Toomey, Thomas A.
Lucibello, Frank
Johnson, F. Walter
Paretchan, Harry

4. Policy Discussion on medical plans to be offered for Fiscal Year 1977-1978.

Philip J. Kearney

PHILIP J. KEARNEY,
EXECUTIVE DIRECTOR

Dist. 'C'

SENATE CHAMBER, SALEM
OF THE CITY OF SALEM, CO. SAN FRANCISCO

REGULAR MEETING OF THE SENATE HELD A SALEM

[illegible]

[illegible] NO. [illegible] SALEM, [illegible] CO. SAN FRANCISCO, CALIF.

THURSDAY, FEBRUARY 7, 1907, 2:00 P.M.

ROLL CALL

1. Roll by Deputy.

2. Excuse or Attendance.

3. Absent [illegible]: Bergenstein, John A. Sandpoint, Idaho
Derrington, Charles L.C. Johnson, Ky. 1861-1
Hastie, Agnes E. Hermosa, Mont.
Thorne, Thomas J.

4. Notify disconnected or blocked clocks to be Entered for Record Time Journal

[illegible]
Secretary of Senate

HEALTH SERVICE SYSTEM
OF THE CITY AND COUNTY OF SAN FRANCISCO

SPECIAL MEETING OF THE HEALTH SERVICE BOARD
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - FEBRUARY 3, 1977 - 2:00 P.M.

1. The Special Meeting of the Health Service Board was called to order at 2:00 P.M. with President Bernstein presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT:	Bernstein, Abraham, M.D.	Lucibello, Frank
	Hassing, Robert E.	Paretchan, Harry
	Johnson, F. Walter	Toomey, Thomas A.
ABSENT:	Barbagelata, John J.	

4. President Bernstein opened the discussion on the policy to be adopted in selecting medical plans for 1977-1978 and the future.

Mr. Kearney, Executive Director, read the letter dated January 31, 1977 received from Blue Cross regarding their 1977 Renewal, which letter is attached and incorporated as part of these official minutes.

While the letter stated that the monthly rates excluded the City contribution, it was clarified by beth Mr. Kearney and Mr. Larry Lavine, Blue Cross representative, that the rate increase included the City contribution.

Mr. Lavine was asked if he sincerely believed that this quota could be met with the prohibitive increased rates when Blue Cross never had enjoyed this membership since its inception and with membership steadily declining to 2800. Mr. Lavine answered that Blue Cross was in a very precarious position, did not want to terminate the good relationship enjoyed and wanted to continue to provide, but referring to the letter, stated that the questions mentioned were obvious as far as the difficulty of having to say, Yes; that they had to pose their question from a standpoint that they can continue the relationship if certain conditions are met.

Commissioner Toomey stated that he personally interpreted Blue Cross' letter to say that Blue Cross is severing the relationship but is trying to get the Health Service System to sever it.

Mr. Lavine answered that he had tried every avenue in order to continue the account, but in view of Proposition '0' and other obstacles and that reserves from Plan I could not be used to subsidize the loss of Blue Cross and the difference between the out-of-pocket of Plan I and Blue Cross being so great, he was trying to say that Blue Cross could not continue, but stated that for obvious reasons, it had to be construed that the City and County group could not continue with Blue Cross.

Commissioner Toomey asked Mr. Lavine whether Blue Cross would mutually agree to terminate with the Board, to which Mr. Lavine answered, Yes; and to Mr. Kearney's question, would Blue Cross be willing to remain one year longer at these rates, Mr. Lavine

The Special Meeting of the Weekly Service Award was called to order at 2:00 P.M. with President Pennyfeld presiding.

Pledge of Allegiance.

Roll Call:

Present:	Chelsvig, Frank
Hawking, Robert E.	Pennybaker, Danny
Heineman, E. Elaine	Tenney, Susan A.
Absent:	

Mr. Tenney, Executive Director, read the Notice dated January 31, 1979 setting forth that Special Meeting which had been called. Motion failed to withdraw and incorporate by reference of those official minutes.

Mr. Tenney, Executive Director, read the Notice dated January 31, 1979 setting forth that Special Meeting which had been called. Motion failed to withdraw and incorporate by reference of those official minutes.

Mr. Tenney was asked if he thought that Mr. Barry Levine, Blue Cross representative, had the authority to bind Blue Cross to the contract. Mr. Tenney answered that Blue Cross was in a very competitive position, did not want to be involved in the procedure and will vigorously oppose any action by the Board. Mr. Levine

stipulated only if the participation were greater. He also stated that the rates did not include any recuperation of their loss.

After discussion and objection to stipulations put forth in the letter, Mr. Lavine suggested that if it would be more agreeable to the Board to lower the figure of 4620 to 4300 (their initial enrollment) and to withdraw the stipulations mentioned in the letter, the basis of the mutual agreement could be that the cost for the Blue Cross plan has become so prohibitively high, that the relationship can no longer continue.

Commissioner Paretchan asked Mr. Lavine if Blue Cross would not consider offering one of their many plans, a plan with lesser benefits at a better price with a supplemental for those individuals who need the higher level of benefits.

Mr. Lavine answered that Blue Cross could not as they feel committed to the membership who have remained with them since its inception and who have needed a high level of medical service compared to Plan I.

Commissioner Hassing proposed and made the motion which was seconded by Commissioner Toomey, that the Board consider a mutual agreement to discontinue the contract with Blue Cross effective July 1, 1977. A vote was taken and it was unanimously passed.

There being no objections, it was SO ORDERED.

Mr. Kearney told the Board that an item not calendared was that a decision had to be made as to the procedure to follow for plans to be offered this fiscal year because of the printing of the comparison sheet. Discussion brought out that it was too late to start looking for a plan; that guidelines be carefully planned by a committee for the type plan or plans being sought; that after the plans are reviewed and screened by Mr. Rael to see that guidelines are met, that they be presented to the Board; that around 2/3 of Blue Cross membership, 5000, could possibly transfer to Plan I, which could lead to emergency measures because of inadequate space.

Motion was made by Commissioner Lucibello and seconded by Commissioner Hassing to reconsider the Children's Hospital Health Plan to be adopted by the Board; it did not carry.

The vote was taken: Results - 2 in favor, 4 opposed.

Motion was made by Commissioner Paretchan and seconded by Commissioner Johnson, that the Board proceed with two plans at this time; that in the meantime guidelines be set up and sent out to other carriers and that after Mr. Rael's review and recommendations, be presented to the Board; that should an emergency arise and a plan be found by January or before, that a special enrollment be held.

The motion carried by a vote of 4 to 2.

Mr. Kearney told the Board that another item not on the Agenda relates to a letter received from Mr. Sherman Wolfe, Phoenix Mutual, Hartford, Connecticut, informing us of their premium at $3.426 million for the next fiscal year; that he and Mr. Misegades concurring with Mr. Rael, have arrived at $2.600 million, an amount Phoenix felt low ($800,000 difference). The $2,600,000 figure was arrived at by adjusting and applying a 26% increase to last year's premium; that he called Mr. Wolfe's attention to the fact that 52% of our people live out of town and avail themselves of hospitals that charge considerably less than San Francisco, and that Phoenix has taken San Francisco geographically as the index for determing the hospital Room and Board rate. Mr. Wolfe agreed that the $3,426,000 figure would be reduced but did not know how much after adjusting to correct that aspect or distortion; that it was mutually agreed that the 15% inflation allowed could be unrealistic, as well as the 26% increase

a little low; also, that they intend to review to determine the anesthesiologist experience in view of the increase from $7 to $10 per unit and the figure will also be adjusted according to that experience.

Mr. Kearney told the Board that he has requested the vice president of Phoenix Mutual to fly out here and it seems that he will be attending the regular meeting.

Mr. Kearney asked the Board's posture on the following matter: In the past three years, from July 1974 to the present, there has been a 9.1% increase in the out-of-pocket family rate in Plan I ($44.53 to $48.77 per month); the City contribution is not included; the rate has been held down for so long that now looking at it realistically, it is felt that the rates must be raised: Employees be increased from $1.00 to $3.35 per month; Employee + 1, up $5.12 per month and Employee + Family be raised $9.58 per month. Mr. Kearney requested general approval of the Board to adjust these figures upward slightly as he felt that these foregoing increases would not be sufficient to carry the system through the coming fiscal year.

Mr. Kearney informed the Board that the vision care plan was going to increase $1.00 per month; that $260,000 from the reserves had been eroded to subsidize the vision care plan for the active employees and that $60,000 for the medicare members during fiscal year 1976-1977, and since the Health Service System reserves could no longer subsidize the program, the members were going to have to pay for it next year.

It was agreed that the Rate Committee would meet before the regular meeting to decide on the final rates with Mr. Wolfe attending.

President Bernstein announced a Special Committee consisting of Commissioners Toomey, Hassing, and Paretchan to draw up the guidelines for the medical plan/s.

There being no further business to come before the Board, motion was made by Commissioner Paretchan, seconded by Commissioner Toomey to adjourn the meeting at 2:46 P.M.

Respectfully submitted,

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Respectfully submitted,

Blue Cross
of Northern California

1950 Franklin Street
Oakland, California 94659
(415) 645-3000

January 31, 1977

Mr. Philip J. Kearney
Executive Director
Health Service System
City and County of San Francisco
450 McAllister Street
San Francisco, CA 94102

RE: BLUE CROSS 1977 RENEWAL

Dear Phil:

Since your last rate change on July 1, 1976, the experience of your group has developed additional losses amounting to $86,925. As of January 1, 1977, the accumulated deficit since the implementation of the program on July 1, 1971, is $1,098,117.

Even though rate increases have been implemented annually, we have been unable to establish a rate which would be sufficient to cover the expenses of this group on an on-going basis.

A projection based on the expenses for the 12-month period ending January 1, 1977, indicates the need to adjust present rates by 34.6 percent. The new monthly contract rates exclusive of the City contribution are as follows:

Employee only	$ 85.50
Employee with one eligible dependent	145.64
Employee with two or more eligible dependents	171.21

Our rating formula does not include a recovery factor for the prior deficit of $1,098,117. While the deficit is carried forward, recovery of such a deficit can be attained only if the claims utilization were to be reduced from the level which we have experienced in previous years.

While we are anxious to serve the employees of the City and County of San Francisco by providing the benefits of the Blue Cross program currently in force, it becomes necessary that the renewal of rates beginning July 1, 1977, be contingent upon an increase in membership participation. We will require an employee enrollment of 4,620 employees to be enrolled for an effective date of July 1, 1977.

Thank you for your continued interest in Blue Cross.

Sincerely,

Larry P. Lavine
District Sales Manager

LPL:dtm

SF
H25
#2
2/8/77

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - FEBRUARY 8, 1977 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Barbagelata, John J. — Johnson, F. Walter
Bernstein, Abraham, M.D. — Lucibello, Frank
Hassing, Robert E. — Paretchan, Harry
Toomey, Thomas A.

4. Minutes of Regular Meeting - January 11, 1977, submitted for approval.
Minutes of Special Meeting - January 10, 1977, submitted for approval.
Minutes of Special Meeting - January 19, 1977, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman Harry Paretchan.

No appeals requested as of date of publication. Appeals will be heard, however, if received subsequent to publication of this Agenda.

7. Rate Committee - Chairman Thomas Toomey

8. Old Business.

Decision on medical plansto be offered for Fiscal Year 1977-1978

9. New Business.

a. Contract with California Vision Service for Fiscal Year 1977-1978 covering all active and retired members plus dependents..

b. Presentation by Mr. Vince Courtney, Executive Secretary, CSA Local 400 - regarding medical benefits.

10. Executive Director's Report.

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'C'

[illegible]

[illegible] - [illegible] 8, 1977 - 4:00 P.M.

[illegible]

1. Roll to Order.

2. Pledge of Allegiance.

3. Roll Call: [illegible], John C. [illegible], Cameron, P. Vetter
[illegible], Abraham, M.D. [illegible], Mancinelli, Frank
[illegible], Lawrence E. [illegible], Ferretman, Harry
[illegible], Thomas A.

4. Minutes of Regular Meeting - January 11, 1977, submitted for approval.
Minutes of Special Meeting - January 10, 1977, submitted for approval.
Minutes of General Meeting - January 19, 1977, submitted for approval.

5. Informal Report - Mr. Jack B. Saal, Jr.

6. Agenda Committee - Chairman Harry Ferretman

No agenda requested as of date of publication. Agenda will be posted, however, if received subsequent to publication of this Agenda.

7. Main Committee - Chairman Thomas Cooney

8. Old Business.

Matters of medical planning be aligned for Fiscal Year 1977-1978

9. New Business.

a. Contract with California Vision Service for FY and Year 1977-1978
- Accepted 11 active and retired members plus dependents.

b. Insertion by Mr. Vince Fourney, Executive Secretary.
- Informal ACC - regarding medical specialties.

10. Executive Director's Report.

[illegible]
EXECUTIVE DIRECTOR

[illegible]

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

Minutes

TUESDAY - FEBRUARY 8, 1977 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Bernstein presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT:	Bernstein, Abraham, M.D.	Lucibello, Frank
	Hassing, Robert E.	Paretchan, Harry
	Johnson, F. Walter	Toomey, Thomas A.
ABSENT:	Barbagelata, John J.	

4. Motion by Commissioner Johnson, seconded by Commissioner Lucibello, that the Minutes of the Regular Meeting of January 11, 1977 and the Minutes of the Special Meetings of January 10, 1977 and January 19, 1977 be approved as submitted.

There being no objections, it was SO ORDERED.

5. ACTUARIAL REPORT. Mr. Juan B. Rael, Jr. submitted the general report with statistical survey attached for the fiscal year July through January 1977. Also attached is the San Francisco Medical Society Health Plan, Inc., report on Blue Cross for the month of January 1977.

Mr. Rael reported that there was a substantial raise in the major medical experience; the loss ratio increased from 118% last month to 124%. The Retired and Resigned with no medicare was doubled and greater than the other categories. It was brought out that the Retired and Resigned are not separated both in premium and in utilization; that resigned members number very few; 1,898 Retired and 19 Resigned who are not in Medicare.

6. APPEALS COMMITTEE. Chairman Harry Paretchan reported that there were no appeals heard by the Appeals Committee.

7. RATE COMMITTEE. Chairman Toomey requested Mr. Philip Kearney, Executive Director, to report on the rates. Mr. Kearney reported that the Rate Committee had met with Mr. Sherman Wolfe of Phoenix Mutual on the day before, February 7, and that the following rates were finalized:

	Contract Rate	Out of Pocket
Employee	$37.04 per month	$ 4.50 per month
Employee + 1	$70.99 per month	$38.45 per month
Employee + Family	$93.75 per month	$61.21 per month

Mr. Kearney reported that there would be no benefit improvements effective July 1, 1977; that the Basic Benefit improvements effective January 4, 1977 would continue to be in effect. The increase in rates with no benefit improvements was questioned; however,

7. RATE COMMITTEE (Continued)

it was brought out that the cost of midyear increases had to be paid for effective July 1, 1977. He further explained that the Basic Benefit rate structure had a built-in safety valve against inflation whereas the Major Medical contractor was forced to absorb any increases occurring during the fiscal year.

Motion was made by Commissioner Toomey, seconded by Commissioner Paretchan, to accept the rates submitted for Plan I for fiscal year 1977-1978.

There being no objections, it was SO ORDERED.

Mr. Kearney read the rates for the Kaiser Foundation Health Plan as follows:

	Contract Rate	Out of Pocket
Employee	$33.04 per month	$ .50 per month
Employee + 1	$66.08 per month	$33.54 per month
Employee + Family	$90.36 per month	$57.82 per month

Motion by Commissioner Toomey, seconded by Commissioner Paretchan, that rates submitted by Kaiser Foundation Health Plan be accepted.

There being no objections, it was SO ORDERED.

8. OLD BUSINESS. Representatives of Blue Shield of California were present to present their plan. Mr. Manuel Nuris, District Manager, distributed copies of a comparison of plans sheet showing Plan I and Plan II with the Blue Shield Major Benefits Plan with optional plan as the third plan. The contract rates were shown below.

Mr. Nuris briefly explained the plan and after a brief discussion, it was suggested that the plan be considered in the future.

9. NEW BUSINESS.

a. Mr. Kearney announced that California Vision Service had agreed to increase the rate for the vision plan $1.00 per month for next fiscal year.

Mr. Bjorquist, San Francisco Medical Society Health Plan, Inc. representative, requested the Board to consider their vision care plan offering the identical package at a cheaper rate. There was objection to his request and he was asked why he did not request to present their plan sooner rather than wait until negotiations were completed. He was further requested to submit their plan at the proper time, when the Board is considering plans in November and December of fiscal year 1977-1978.

b. Mr. Vince Courtney, Executive Secretary, CSA Local 400, reminded the Board of the Dental Care Fund which has still not been used for a dental plan, recalling the background on the status of the dental plan; he felt that there should be some method to resolve the situation; either to use the money for life insurance or other benefits and asked whether a meeting could be held with the City Attorney, Mr. Orsi and Mr. Mahler to discuss the matter.

9. NEW BUSINESS (Continued)

Mr. Kearney agreed with many of Mr. Courtney's statements and felt that the meeting would be in order; that there was much merit in considering a life insurance policy which would help both the employee and the City Health and Retirement Systems; by giving a $5,000 life insurance policy, the Retirement System could eliminate a portion of the six-months pay given to the beneficiary of an employee whose death was job related.

President Bernstein also agreed and stated that a meeting would be set for that discussion and investigation.

10. EXECUTIVE DIRECTOR'S REPORT. Mr. Kearney reported the following:

a. Since Phoenix Mutual employee has worked in the Health Service System, the backing of claims has lowered considerably and the office is functioning well.

b. The two permanent positions, 1630 Account Clerk and 1476 Claims Process Clerk, deleted from the budget effective July 1, 1976, were returned by emergency action of the Board of Supervisors.

11. There being no further business, the meeting adjourned at 5:00 P.M. in memory of Mr. Miles Bride, a member representing the Retired Employees of the City and County of San Francisco, who attended the Health Service Board meetings regularly.

Respectfully submitted,

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR FEBRUARY 8, 1977

MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Benefit for July through January 1977

	CONTRIBUTIONS	CLAIMS	CLAIM RATIO
Active Employees	$1,160,475	$1,296,321	112%
Retired & Resigned	495,934	529,873	107
Adult Dependents	782,728	815,308	104
Minor Dependents	297,195	351,725	118
TOTAL	$2,736,332	$2,993,137	109%

(2) Experience under Part I - Major Medical for July though January 1977

Active Employees & Dependents	$ 671,336	$ 719,320	107%
Retired & Resigned (No Medicare)	199,611	431,725	216
Retired & Resigned (Medicare)	330,866	337,213	102
TOTAL	$1,201,813	$1,488,258	124%

(3) Experience under Blue Cross - Plan III

	PREMIUM	CLAIMS	CLAIM RATIO
July 1976	$ 211,985	$ 246,392	116%
August	260,152	235,822	91
September	222,409	219,075	99
October	285,369	228,231	80
November	226,244	247,190	109
December	222,246	182,919	82
January 1977	212,593	238,966	112
TOTAL	$1,640,998	$1,598,595	97%

JBR/lb

C O P Y

SAN FRANCISCO MEDICAL SOCIETY HEALTH PLAN, INC.

250 MASONIC AVENUE • SAN FRANCISCO, CALIF. 94118 • (415) 563-7471

February 8, 1977

Mr. Larry Lavine
District Manager, Sales Dept.
Blue Cross of Northern California
1950 Franklin St.
Oakland, CA 94659

Re: City & County Employees
Claims Activity for January 1977

Dear Larry:

The following represents the claims activity for the City & County of San Francisco employees enrolled in Blue Cross (Plan III) for January 1977.

As of December 31st, there were 150 claims on hand. During the month of January, 2,444 claims were received; 2,444 claims were processed; leaving an inventory of 150.

Of the 2,444 claims processed, 31% were from member providers of the Health Plan; 48% from non-member providers; and 21% were applied to Deductible or paid as Major Medical.

Sincerely,

Robert Bjorkquist
Executive Director

RB/pt

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - MARCH 8, 1977 - 4:00 P.M.

A G E N D A

DOCUMENTS
MAR 3 1977
SAN FRANCISCO

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Barbagelata, John J. — Johnson, F. Walter
Bernstein, Abraham, M.D. — Lucibello, Frank
Hassing, Robert E. — Paretchan, Harry
Toomey, Thomas A.

4. Minutes of Regular Meeting - February 8, 1977, submitted for approval.
Minutes of Special Meeting - February 3, 1977, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman Harry Paretchan.

   Errol J. Inan - HSS 3C-71175 - Father, Michael M. Inan, requesting that certain bills be paid.

   Additional appeals to be heard if received subsequent to publication of this Agenda.

7. Rate Committee - Chairman Thomas Toomey

   Report on progress of legislation governing rates and benefits for fiscal year 1977-1978.

8. Old Business.

   a. Special Committee to establish guidelines for accepting a new medical plan.

   b. Further discussion of the life insurance proposal.

9. New Business.

   Discussion of recent legislation covering Municipal and Superior Court Judges in Health Service System.

10. Executive Director's Report.

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'C'

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - MARCH 8, 1977 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Bernstein presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D. — Lucibello, Frank
Hassing, Robert E. — Paretchan, Harry
Johnson, F. Walter — Toomey, Thomas A.

ABSENT: Barbagelata, John J.

4. Motion by Commissioner Paretchan, seconded by Commissioner Lucibello, that the Minutes of the Regular Meeting of February 8, 1977 and the Minutes of the Special Meeting of February 3, 1977 be approved as submitted.

There being no objections, it was SO ORDERED.

5. ACTUARIAL REPORT. Mr. Juan B. Rael, Jr., Actuary, submitted the general report with statistical survey attached for the fiscal year July through February 1977.

Mr. Rael's comments on the report were that during the month of February the Basic Benefits claims exceeded contributions and the impact of the benefit improvements are beginning to be felt; the net result for the eight-months experience is 110% loss ratio compared to seven-months at 109%. He anticipates that probably during the last four months the loss ratio will be in excess of 110%. Major Medical had another bad month showing a loss ratio of 123% for the eight months; however, it was not as bad as it has been. Blue Cross had a good month showing a loss ratio of 94% for the month of February and 97% for the eight-month experience.

6. APPEALS COMMITTEE. Chairman Harry Paretchan reported that the Appeals Committee had heard the appeal of Michael M. Inan, requesting that certain bills be paid for his son, Errol J. Inan, who had been kidnapped, beaten and tattooed. He stated that the case is pending additional information and that he will report back next month after further investigation into the matter.

7. RATE COMMITTEE. Chairman Thomas Toomey reported that the rates for fiscal year 1977-1978 had been passed by the Legislative and Personnel Committee. Mr. Philip J. Kearney, Executive Director, added that he was requested by Supervisor Dianne Feinstein to provide the Board for next Monday's meeting the increase amount in dollars of the City's contribution for fiscal year 1977-1978 (the difference between $27.30 and $32.54 in dollars).

8. OLD BUSINESS.

a. Mr. Kearney reported that the Board of Supervisors and the Health Service Board are being sued by Local 400-SEIU and other Unions as to show cause why a dental

The Regular Meeting of the Health Service Board was called to order at 7:30 P.M. with President Kirkpatrick presiding.

Pledge of Allegiance.

Roll Call:

Present: Kirkpatrick, Graham, B.J., Cederholm, Frank,
Hastings, Claude D.,
Johnson, E. Wayne,

Absent: Hammersmark, John O.

Motion by Cederholm-Johnson Carried, unanimous to Dispense with Reading, and the Minutes of the Regular Meeting of February 2, 1977 and the minutes of the Special Meeting of February 9, 1977 be approved as published.

There being no objections, it was so ORDERED.

Communications: Mr. Tom Lo Bell, Jr., Mulvany, submitted the proposal report with qualified nursing personnel for the fiscal year 1977-1978.

Mr. Bell's comments on the report were that during the month of January the Health Service received 1,272 calls for service of the Health Department and 1,272 Home Health Visits. Of the calls received for service, 1,272 Home Health Visits were completed by the end of the month for the aforementioned calendar year. Of the 1,272 calls received, 1,272 were completed by the end of the month. Of the 1,272 calls received, 1,272 were completed by the end of the month. Of the 1,272 calls received, 1,272 were completed by the end of the month

8. OLD BUSINESS (Continued)

plan has not been implemented in the Health Service System; a court hearing is scheduled tomorrow, March 9, 1977. Mr. Donald Garibaldi of the City Attorney's office, who will act as Counsel, has prepared an answer and that he and Mr. Garibaldi would be there to defend their position.

b. Mr. Kearney reported that there has been no further discussion on life insurance since the last meeting; that Mr. Jim Shetley is in the process of finalizing figures to include life insurance in the major medical contract and by so doing could possibly reduce the major medical rates.

9. NEW BUSINESS.

a. Mr. Kearney told the Board that he had received a copy of a letter addressed to Mr. John C. Farrell from the Clerk of the Municipal Court and asked that Judge Olcomendy of the Municipal Court, who was present, speak on the issue.

Judge Olcomendy stated that the judges at the present time are in a quandry; that the Attorney General's opinion issued nine months ago indicated that the Municipal Court judges could not be in a county health service system. The Attorney in Los Angeles took a contrary position stating that the law does not mandate that the judges have to go into a State health service system and that they can be part of the City and County of Los Angeles. To his knowledge, the issue has not come up in San Francisco. He posed the question, where do the judges stand in the City and County of San Francisco as voluntary members? Is Plan I going to delete voluntary members? He understood that there was no plan to remove judges; to date, there has been no law suit; his question was, will anybody bring on a taxpayer's suit to exclude all judges because of the Attorney General's opinion? Discussion followed.

It was disclosed that there are 19 judges and one commissioner in the Health Service System. Mr. Kearney stated that what surprised him was the fact that the Department, Municipal Court, had budgeted for their judges and that Health Service was carrying them at the employee rate in spite of the fact that they are in the State Retirement System; also, that the Board of Supervisors was also budgeting for their Aides who are not in the City Retirement System. The fact that money is being budgeted for the judges by the department raised the point, that a temporary employee also who is not a member of the Retirement System is not given the opportunity to enroll in Health Service at the contract rate; that they were realizing that it was unfair to the 7,000 voluntary members who are not being and cannot be accepted at the present rate structure. Mention was made of legislation in 1972 allowing teachers to remain in the Health Service System who had entered the State Teachers' Retirement System. As of July 1, 1977, all temporary employees remaining in the System will pay the contract rate, prompted Judge Olcomendy to question the premium since it was being raised to $66.00 per month.

It was brought out that the reason for the special Board action to accept judges was because they were not members of the Retirement System and that the Board felt that State legislation authorized it, to which Judge Olcomendy stated that the Attorney General's action was misconstruing this statute.

9. NEW BUSINESS. (CONTINUED)

Judge Olcomendy considered judges to be permanent employees. Commissioner Toomey stated that he personally felt that judges are not City employees but members of the State Judicial System. He asked Judge Olcomendy for a copy of the opinions. Judge Olcomendy stated that there is legislation introduced to put the Municipal Judges back in the same position they were before the Attorney General's opinion, and he understands that the bill is ready to be signed by Governor Brown.

Motion was made by Commissioner Hassing and seconded by Commissioner Lucibello, to table the matter and submit it to the committee to study and report on at the next meeting.

There being no objections, it was SO ORDERED.

To Judge Olcomendy's question, would the judges be deleted from the plan, he was told that judges presently in the System would not be dropped.

b. Mr. Jerry Hill of Children's Hospital Health Plan stated that when they had made their initial presentation that Children's was asked if they could provide a medical plan for temporary employees. He stated that they propose to distribute information about their plan to the individual temporary employees through the Controller's EDP office (through the payroll clerks when passing out paychecks). In order to distribute material for this kind of solicitation, the material must be approved by the Department of Corporations of the State. Their regular brochure plus evidence of coverage is required under the new laws; they are prepared to send the material to the State but want the Board's approval in the form of a letter, resolution or whatever is necessary to proceed with their plan. There would be no deduction involved and the employee would pay direct to Children's Hospital.

Mr. Kearney was instructed to write a letter to Children's Hospital with their approval, and Mr. Hill was asked to send a copy of the brochure to Mr. Kearney before contacting the State or temporary employees.

10. EXECUTIVE DIRECTOR'S REPORT.

a. Mr. Kearney brought the Board's attention to a covering letter received from the Mayor's office with an attached letter from Blue Shield questioning why the Health Service System is doing business with contractors outside the State of California (copies were mailed to the Board members). He wanted the Board's posture in order to answer. Suggestion was made to answer the letter by stating that Blue Shield was part of the System a few years ago and knows the procedure on how to bid on the major medical and furthermore, should proceed through this office rather than through the Mayor's office. Additionally, mention was made of the fact that their representatives presented their plan at the regular meeting of February 8 and the plan was not accepted by the Board.

b. The method of how Blue Cross members were going to be informed of the termination of Blue Cross for fiscal year 1977-1978 was discussed; Mr. Kearney will prepare a letter, provide the envelopes and stationery and the addressing of the envelopes; Blue Cross will pay the postage for the mailing; the letter

10. EXECUTIVE DIRECTOR'S REPORT. (Continued)

should also inform the members that if they do not come in May to transfer, they will automatically be put into Plan I. It was suggested to enclose a Change of Enrollment form.

c. The office is functioning well; claims processing is flowing smoothly.

d. The oral examination for the replacement of John Misegades took place and he anticipates the replacement by April 1, 1977.

e. Commissioner Toomey stated that he had attended a meeting of Local 400 and that the dental plan had been discussed; he felt that the City would not pay the Health Service for a dental plan unless there was a charter amendment and that he told Mr. Courtney of Local 400 that the Board would be 100% for such an amendment.

11. There being no further business to come before the Board, motion was made by Commissioner Paretchan and seconded by Commissioner Toomey, to adjourn the meeting at 4:50 P.M.

Respectfully submitted,

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR MARCH 8, 1977
MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Benefit for July through February 1977

	CONTRIBUTIONS	CLAIMS	CLAIM RATIO
Active Employees	$1,319,398	$1,495,346	113%
Retired & Resigned	570,311	620,150	109%
Adult Dependents	893,827	922,021	103%
Minor Dependents	339,378	407,057	120%
TOTAL	$3,122,914	$3,444,574	110%

(2) Experience under Part I - Major Medical for July through February 1977

Active Employees & Dependents	766,517	806,549	105%
Retired & Resigned (No Medicare)	229,108	494,206	216%
Retired & Resigned (Medicare)	379,861	387,354	102%
TOTAL	$1,375,486	$1,688,109	123%

(3) Experience under Blue Cross - Plan III

	PREMIUM	CLAIMS	CLAIM RATIO
July 1976	$ 211,985	$ 246,392	116%
August	260,152	235,822	91%
September	222,409	219,075	99%
October	285,369	228,231	80%
November	226,244	247,190	109%
December	222,246	182,919	82%
January 1977	212,593	238,966	112%
February	226,349	213,899	94%
TOTAL	$1,867,347	$1,812,494	97%

C O P Y

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - APRIL 12, 1977 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Barbagelata, John J. — Johnson, F. Walter
Bernstein, Abraham, M.D. — Lucibello, Frank
Hassing, Robert E. — Paretchan, Harry
Toomey, Thomas A.

4. Minutes of Regular Meeting - March 8, 1977, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman Harry Paretchan

No appeals requested as of date of publication. Appeals will be heard, however, if received subsequent to publication of this Agenda.

7. Old Business.

   a. Letter to Blue Cross members informing them of Plan termination effective July 1, 1977.

   b. Comparison of Plans Sheet - Fiscal Year 1977-1978.

8. New Business.

9. Executive Director's Report.

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - APRIL 12, 1977 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Bernstein presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D.; Hassing, Robert E.; Johnson, F. Walter; Lucibello, Frank; Paretchan, Harry; Toomey, Thomas A.

ABSENT: Barbagelata, John J.

4. Motion by Commissioner Paretchan, seconded by Commissioner Toomey, that the Minutes of the Regular Meeting of March 8, 1977 be approved as submitted.

There being no objections, it was SO ORDERED.

President Bernstein congratulated Commissioner Paretchan for his promotion to Lieutenant in the Fire Department.

5. ACTUARIAL REPORT. Mr. Juan B. Rael, Jr., submitted the general report with statistical survey attached for the fiscal year July through March 1977. Also attached is the San Francisco Medical Society Health Plan, Inc., report on Blue Cross for the month of March.

Mr. Rael reported that through the month of March, the Basic Benefits showed a total loss ratio of 111% which he felt was some of the impact of the improved benefits that went into effect January 4, 1977. March alone showed a loss ratio of 114%. He felt that it would have to run its course. Under Major Medical, claims for the month of March exceeded contributions significantly showing adverse experience and a loss ratio of 132% against last month's 123%, a 9% increase. He felt that it was due to catching up of claims.

The experience under Blue Cross showed a 95% loss ratio through December 1976 and a total of 97% through the month of March.

Mr. Kearney brought out that while the operating reserve is gradually being depleted, that the remaining balance plus the interest received on the certificated deposits at the end of the June quarter will allow the System to continue working out of operating surplus rather than tapping the contingency reserve at the beginning of the new fiscal year.

Commissioner Toomey posed the following questions to Mr. Rael: 1) Whether Blue Cross would affect Plan I actuarially; 2) whether the rates are determined by experience; 3) whether the contingency reserve was considered sound and whether it should be

The Sunday Meeting of the Parish Council was called to order at 4:00 P.M. with Theodore Thornton presiding.

Lack of difficulties.

Roll Call:

Present: Bernhelm Abernathy, M.D.
Hathaway, Albert E.
Johnson, C. Palmer

Absent: Mansfield, Orville
Patterson, Oscar
Peck, Thomas J.

Motion by Bernhelm Abernathy, seconded by Oscar Patterson carried, that the Minutes of the Regular Meeting of March 3, 1977 be approved as submitted.

There being no objections, it was So ORDERED.

Presented Superman corporation Communications Insurance for his promotion to Committee to the Plan Corporate.

ACCOUNTANT RECEIVED. Mr. Orin E. Peck, Jr., submitted his renewed resume with solicitation survey attached for the fiscal year ending March 1977. Also attached is the Physicians Medical Service Health Plan, Inc., report on Blue Cross for the month of Jan.

Mr. Peck reported that through the media of Radio, the Parish Recalls opened a Local Area office of 1112 which is just one part of the Project to improve Louisiana Highway 1 from Jeff-Davis to Lake Charles. Plans have begun to move ahead of this. The full time office is still open. Open Mike Period, allows for the people of the Parish to express their views. Mr. Peck reported that the Parish Council's [illegible] of the meeting.

The Legislature is only in Session 3 1/2 days. Until Tuesday December 1976 and a Session of five Sessions for Senate.

Mr. Hathaway brought out that only the Governing Powers is presently being covered. Also the Planning Bureau that the Planning is assigned to All the [illegible] of the Parish Police Jury. Mr. Hathaway suggested that all Governing Powers reduce their Planning for presentary purposes at the beginning of the new fiscal year.

Chairman Thornton stated that Planning Committee to Mr. Peck. It Director Plan Corporation Survey about the Planning Committee to be [illegible] and Director Plan Corporation: of whether the Committee relative the Committee should and whether it should be

5. ACTUARIAL REPORT. (Continued)

reduced the amount of the family rate only; he felt reducing the single rate only was not fair to the other two categories.

Mr. Rael's answers were as follows: 1) The Blue Cross termination would affect Plan I in that our position would be actuarially uncertain by adding the additional members; 2) the rates are determined by the past experience plus a 1% inflation margin; his reports reflect the claim ratios of all the categories; he felt that the reason the System was operating so successfully was because of the rates being true for all categories; 3) he felt that the contingency reserve was sound; in theory, dependents are actually being subsidized by using the interest on the contingency reserve and he would not jeopardize the contingency reserve with additional subsidy. There was a question as to the amount that should be held in the contingency reserve; whether it should be equal to four to six month's claims. Mr. Rael stated that he could look into the matter in depth.

6. APPEALS COMMITTEE. Chairman Harry Paretchan reported that there were no appeals heard by the Appeals Committee.

7. OLD BUSINESS. Mr. Philip J. Kearney, Executive Director, reported the following:

a. That some 2,800 letters had been sent to members of Blue Cross informing them of the termination of Plan III with Blue Cross and that the office had received numerous telephone calls concerning it; mainly, on coverage for maternity benefits; he stated that he felt that Blue Cross was responsible but would obtain their position on the matter from the Blue Cross representative.

Mr. Lavine, Blue Cross Representative who arrived at the meeting later, answered questions stating that in the case of maternity, regardless of the status of the enrollment and date of delivery, Blue Cross is responsible and there would be "Terminal O.B." benefit which means that the member would receive the maternity benefit even though termination is during the pregnancy. To the question, should a member be in the hospital on June 30, Blue Cross would be responsible up to the day of discharge.

Mr. Lavine mentioned that he has had requests by members wanting the conversion plan which they were not prepared for. He felt that the last paragraph of the letter led members to feel that automatic conversion would be offered. They are preparing a plan and by request will send out literature to interested individuals; however, he stipulated that these members would have to be on exempt status with the Health Service System.

b. Comparison of Plans sheet have been distributed throughout the System. Special preparations were made for the School District to insure that each permanent certificated and non-certificated member received a copy.

8. NEW BUSINESS.

a. President Bernstein read a letter received from Mr. Corey Busch, Press Secretary to Mayor George R. Moscone, enclosing a photograph of the Mayor. He directed Mr. Kearney to write a letter to Mr. Busch thanking him for the photograph.

8. NEW BUSINESS (Continued)

b. Commissioner Johnson, through the Chair, mentioned that it had come to his attention that Supervisor Kopp had proposed a charter amendment that the Mayor's appointees to the Retirement System receive payment of $75.00 a meeting and not to exceed $300.00 a month. He proposed a motion that a resolution be prepared and sent to Supervisor Kopp requesting that the Health Service Board appointees be included in the charter amendment. Commissioner Toomey seconded the motion. President Bernstein and Commissioner Hassing abstained from this vote as they are appointees. Commissioner Paretchan took the gavel and executed the motion.

There being no objections, it was so ORDERED.

c. President Bernstein suggested that the Board pass a resolution commending John Misegades on the fine work that he has performed.

Mr. Kearney mentioned that he felt it premature because he would not be leaving as yet; that he would be stepping down from Administrative Assistant to Account Clerk status in order to train his replacement.

President Bernstein nevertheless felt that it was in order since he would no longer be an administrative assistant.

Commissioner Paretchan made the motion to pass on a resolution commending Mr. John Misegades for his work performance in the Health Service System, and it was seconded by Commissioner Johnson.

There being no objections, it was SO ORDERED.

9. EXECUTIVE DIRECTOR'S REPORT. Mr. Kearney reported the following:

a. That Randall Smith was interviewed and selected to replace Mr. John Misegades and that he would start to work on April 20 and would attend the Budget Hearing on April 22 before the Finance Committee.

b. That there were 952 Basic Benefit claims and 222 Major Medical claims on hand unprocessed as of Monday 4-11-77.

c. A Claims Processor would be starting to work soon.

Mr. Kearney brought the Board's attention to the presence of Mrs. Martin Steinbeck who attended the meeting and is to replace Mr. Miles Bride as the representative for Retired Employees of the City and County of San Francisco. Mrs. Steinbeck was welcomed through the Chair.

10. There being no further business to come before the Board, motion was passed by Commissioner Paretchan, seconded by Commissioner Lucibello, to adjourn the meeting at 4:33 P.M.

Respectfully submitted,

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

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REPORT BY ACTUARY FOR APRIL 12, 1977

MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Benefit for July through March 1977

	CONTRIBUTIONS	CLAIMS	CLAIM RATIO
Active Employees	$1,471,020	$1,672,161	114%
Retired & Resigned	643,847	712,855	111%
Adult Dependents	1,002,731	1,029,136	103%
Minor Dependents	380,728	458,536	120%
TOTAL	$3,498,326	$3,872,688	111%

(2) Experience under Part I - Major Medical for July through March 1977

Active Employees & Dependents	858,932	994,615	116%
Retired & Resigned (No Medicare)	258,133	575,690	223%
Retired & Resigned (Medicare)	427,741	471,021	110%
TOTAL	$1,544,806	$2,041,326	132%

(3) Experience under Blue Cross - Plan III

	PREMIUM	CLAIMS	CLAIM RATIO
July - December, 1976	$1,428,405	$1,359,629	95%
January 1977	212,593	238,966	112%
February	226,349	213,899	94%
March	218,906	207,263	95%
TOTAL	$2,086,253	$2,019,757	97%

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - MAY 10, 1977 - 4:00 P.M.

DOCUMENTS
MAY 6 1977

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Barbagelata, John J. — Johnson, F. Walter
Bernstein, Abraham, M.D. — Lucibello, Frank
Hassing, Robert E. — Paretchan, Harry
Toomey, Thomas A.

4. Minutes of Regular Meeting - April 12, 1977, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman Harry Paretchan.

   No appeals requested as of date of publication. Appeals will be heard, however, if received subsequent to publication of this Agenda.

7. Old Business.

8. New Business.

9. Executive Director's Report.

Randall B. Smith
for PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

1. Roll to Order.

2. Change of Attendance.

3. Roll Call: Councilmen, Dale L. Jenkins, K. Waite
Hemphill, Glenn, Ellis Lechler, Myrle
Lemley, Bonnie E. Stevenson, Henry
Young, Thomas C.

4. Minutes of Regular Meeting - March 17, 1971, available for approval.

5. Financial Report - Mr. Glenn E. Cook, Jr.

6. Appeals Boards - Chairman Henry Stevenson

No appeals scheduled as of this writing. Agenda will be issued, however, if received between now and publication of this Agenda.

7. Old Business.

8. New Business.

9. Remarks of Councilmen Present.

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - MAY 10, 1977 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Bernstein presiding.

2. Pledge of Allegiance.

3. ROLL CALL: President Bernstein introduced Mr. Randall B. Smith, the new Administrative Assistant, who is replacing the retiring Mr. John Misegades.

   Mr. Smith was asked to take the roll call.

   PRESENT: Bernstein, Abraham, M.D. — Lucibello, Frank
   Hassing, Robert E. — Paretchan, Harry
   Johnson, F. Walter — Toomey, Thomas A.

   ABSENT: Barbagelata, John J.

4. Motion By Commissioner Paretchan, seconded by Commissioner Lucibello, that the Minutes of the Regular Meeting of April 12, 1977 be approved as submitted.

   There being no objections, it was SO ORDERED.

5. ACTUARIAL REPORT. President Bernstein in the absence of Mr. Rael brought the Board's attention to the general report with statistical survey for the fiscal year July 1976 through April 1977 attached. Also attached is the San Francisco Medical Society Health Plan, Inc. report on Blue Cross for the month of April. The report showed the loss ratios for Basic Benefits at 111%, Major Medical, 127% and Blue Cross at 95%.

6. APPEALS COMMITTEE. Chairman Harry Paretchan reported that there were no appeals heard by the Appeals Committee.

7. OLD BUSINESS. There was no old business to discuss.

8. NEW BUSINESS. Mr. Bjorkquist of San Francisco Medical Society Plan, Inc., commented that numerous calls were received expressing disappointment in the discontinuance of the Blue Cross plan but also expressing favorable comments on the services the plan has provided. Many have expressed a desire for an alternative plan to be offered in the future. To Commissioner Paretchan's question on how San Francisco Medical Society is answering Blue Cross members' inquiries as to the reason why Blue Cross is oeing discontinued, Mr. Bjorkquist responded that their basic answer has been that the projected increase in premium costs was held to be out of the realm of affordability for most City employees. Mr. Bjorkquist added that some members have asked why they were not contacted and also that they would have been happy to pay any increases in order to retain the plan. They were told in response to these comments that the 2800 people in the plan were not sufficient to keep the plan from being a deficit run program as it has been in the past years. It was also related to them that with the major increases in premium, many additional members would drop the plan. Since it was most likely that the healthiest would leave first, the costs of the plan would continue to increase because the plan would be incurring greater loss ratios.

9. EXECUTIVE DIRECTOR'S REPORT. Mr. Smith reported the following:

a. In the first six business days of May, 900 members filed change forms; this compares to a total of 1,737 changes for the month of May, 1976; of 589 members changing plans, 412 have enrolled in Plan I and 177 in Plan II, a 70-30% ratio; the balance of the changes made were to either add or cancel dependents.

b. The Charter amendment authorizing a dental plan for City employees was calendared before the Legislative & Personnel Committee of the Board of Supervisors on May 3, 1977. Mr. Kearney told that Committee that the language in the proposed Charter amendment was ambiguous as it relates to the average contribution of the ten (10) most populous counties; depending on one's interpretation, a rate of $2.48, $6.21 or $9.34 per month per employee could be arrived at. This is due to the fact that two of the ten counties do not have a dental plan, four contribute on a composite basis, and four contribute for the employee only. The Legislative and Personnel Committee has asked Mr. Kearney to appear before an executive session of the Board of Supervisors to clarify the language and intent of the amendment.

d. Preliminary cost estimates set the total cost of a dental plan at around $3-1/4 million per year or about $8.00 per month per employee.

Discussion followed. The $3-1/4 million figure was questioned as the original figure appropriated in 1974-1975 was $500,000. Mr Smith stated that the high figure covered 33,741 active and retired employees only, exclusive of dependents, plus an administrative cost of $67,000. It was brought out by Commissioner Paretchan that the $500,000 was to cover miscellaneous employees only and did not include crafts, school, community college, muni, police or fire department employees.

Commissioner Toomey brought out that the proposed Charter amendment by the Board of Supervisors to adopt a dental plan contains several flaws aside from the funding. He mentioned that with two counties not contributing toward a dental plan, it would be virtually impossible to reach a composite rate from the remaining eight counties when half of the counties are on a family plan. The individual cost cannot be extracted. In addition to that, the amendment lumps all the funds for a dental plan in with the funds for a medical plan. He felt that this was the wrong approach to take as this could eventually lead to sacrificing the medical plan to improve the dental plan. Whether it requires a new paragraph or revision, he felt that the dental plan should be a separate entity.

To Commissioner Toomey's question as to how high does the figure run on the composite rate as compared to the individual employee rate in the survey, Mr. Smith responded that the amendment requires using the ten most populous counties and that by using the composite rates, the figure would be $9.34; using the four counties who contribute for employees only, $6.21; and by using the individual rates only for all ten counties, $2.48 per month.

President Bernstein felt that the matter required further study.

10. There being no further business to come before the Board, motion was made by Commissioner Lucibello, seconded by Commissioner Paretchan, to adjourn the meeting at 4:16 P.M.

Respectfully submitted,
Randall B Smith
RANDALL B. SMITH
Administrative Assistant
Health Service System

REPORT BY ACTUARY FOR MAY 10, 1977

MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Benefit for July through April 1977.

	CONTRIBUTIONS	CLAIMS	CLAIM RATIO
Active Employees	$1,691,248	$1,882,701	111%
Retired & Resigned	717,803	808,476	113
Adult Dependents	1,143,204	1,170,511	102
Minor Dependents	434,064	552,167	127
TOTAL	$3,986,319	$4,413,855	111%

(2) Experience under Part I - Major Medical for July through April 1977.

Active Employees & Dependents	$ 981,444	$1,074,292	109%
Retired & Resigned (No Medicare)	287,310	618,948	215
Retired & Resigned (Medicare)	478,065	520,695	109
TOTAL	$1,746,819	$2,213,935	127%

(3) Experience under Blue Cross - Plan III.

	PREMIUM	CLAIMS	CLAIM RATIO
July - December, 1976	$1,428,405	$1,359,629	95%
January 1977	212,593	238,966	112
February	226,349	213,899	94
March	218,906	207,263	95
April	282,046	218,306	77
	$2,368,299	$2,238,063	95%

R A E L & L E T S O N
Consulting Engineers

C O P Y

SAN FRANCISCO MEDICAL SOCIETY HEALTH PLAN, INC.

~~250 MASONIC AVENUE • SAN FRANCISCO, CALIF. 94118 • (415) 563-747~~
1375 Sutter Street, #404 San Francisco, CA 94109 775-8838

May 6, 1977

Mr. Larry Lavine
District Manager - Sales Dept.
Blue Cross of Northern California
1950 Franklin Street
Oakland, CA 94659

Re: City & County Employees
Claims Activity for March 1977

Dear Larry:

The following represents the claims activity for the City & County of San Francisco employees enrolled in Blue Cross (Plan III) for April 1977.

As of March 31st, there were 247 claims on hand. During the month of April, 2,097 claims were received; 2,113 claims were processed; leaving an inventory of 232.

Of the 2,113 claims processed, 31% were from member providers of the Health Plan; 46% from non-member providers; and 23% were applied to Deductible or paid as Major Medical.

Sincerely,

Robert Bjorkquist
Executive Director

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - JUNE 14, 1977 - 4:00 P.M.

DOCUMENTS
JUN 13 '77
PUBLIC LIBRARY

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Barbagelata, John J. — Johnson, F. Walter
Bernstein, Abraham, M.D. — Lucibello, Frank
Hassing, Robert E. — Paretchan, Harry
Toomey, Thomas A.

4. Minutes of Regular Meeting - May 10, 1977, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman Harry Paretchan.

No appeals requested as of date of publication. Appeals will be heard, however, if received subsequent to publication of this Agenda.

7. Old Business
   A. Status of Proposed Dental Plan.
   B. Final report on 1977-1978 Sign Up Period.

8. New Business.
   A. Letter from Supervisor Nelder requesting that two temporary employees be admitted as members of the Health Service System.
   B. Dropping outdated medical procedures - Dr. Fitzgerald.

9. Executive Director's Report.

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - JUNE 14, 1977 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Bernstein presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D. Lucibello, Frank
Johnson, F. Walter Toomey, Thomas A.

ABSENT: Barbagelata, John J.
Hassing, Robert E. - excused
Paretchan, Harry - On vacation in L.A. participating in the Fire Department Olympics

4. Motion by Commissioner Johnson, seconded by Commissioner Lucibello, that the Minutes of the Regular Meeting of May 10, 1977 be approved as submitted.

There being no objections, it was SO ORDERED.

5. ACTUARIAL REPORT. Mr. Juan B. Rael, Jr., submitted the general report with statistical survey attached for the fiscal year July through May, 1977.

Mr. Rael reported that the loss ratio for Basic benefits has dropped to 110% which is down 1% from the month of April. Under Major Medical the loss ratio also dropped from 127% to 125%. In Blue Cross the loss ratio was up to 97% which is an increase of 2% over last month and Mr. Rael feels the reason for this is that everyone now realizes Blue Cross is terminating its Group Plan with the City and more claims are being submitted for payment before the first of July.

6. APPEALS COMMITTEE. In the absence of Chairman Paretchan, Mr. Kearney reported that there were no appeals heard.

7. OLD BUSINESS. Mr. Philip J. Kearney, Executive Director, reported the following:

a. That after four or five sessions with the Board of Supervisors concerning the dental plan, he had not received pertinent information on it and that he would have to contact the ten most populous counties to secure the amounts contributed towards a dental plan for the employee only. Commissioner Lucibello asked if the dental Plan would be provided for the employee and his family and Mr. Kearney stated that at the present time the plan is being proposed for employees only; those who are under the Charter Section 8.401 (this excludes Firemen, Policemen, Muni Bus drivers, and some Craft workers). Mr. Kearney felt that the Board of Supervisors may not be able to pass this for just a certain group of employees without facing a few problems.

7. OLD BUSINESS (Continued)

Commissioner Toomey had some question as to how it is determined what the City will pay towards a dental plan if not all ten counties are providing a plan at the time we take a survey. Mr. Kearney explained the following:

Four of the ten most populous counties are contributing to the employee only - four counties are contributing a composite rate and two of the ten counties are not contributing to a dental plan at all. The problem then arises - what number will be used as a divisor to determine how much the City and County of San Francisco will contribute --- This matter will have to be resolved by the full Board of Supervisors.

b. That he could not give any official figures on the May Sign-Up at this time due to the fact that the membership division is still working on changes. There were approximately 3,000 changes made during May. Mr. Kearney stated that this year was the busiest sign-up period since he has been Director and he feels one of the reasons for this is the termination of Blue Cross. He also informed the Board that on the letter sent out to all Blue Cross members notifying them of the cancellation, there was a sentence stating that those who failed to come in person to join one of the other plans, would automatically be enrolled in Plan I. With this statement, many members did not come in and now the membership division has to do the paperwork for the 1,150 Blue Cross members.

8. NEW BUSINESS. VISION PLAN.

a. Mr. Kearney reported that he visited Mr. O'Donnell in Sacramento to renegotiate the rate increase for fiscal year 1977-78. This was necessary due to the Retired membership being included at mid fiscal year and the analysis of census date indicated that Retired in Medicare did not require an increase and additionally that there was insufficient data on Retired members in February, 1977 when preliminary negotiations commenced to establish new rates.

By motion duly seconded and unanimously passed the Board stipulated to a round figure of 3.49 per month for fiscal year 1977-78.

b. Dr. Fitzgerald asked the Board if they would consider deleting some of the outdated medical procedures which are still in effect in Plan I. Also he stated that currently Plan I is getting more inquiries and bills for surgeries such as: 1) sex changes; 2) the reversal of tubal ligations and vasectomies; and 3) certain conditions connected with obesity. Presently he has been denying such services because of the fact that they are not considered necessary; it is more of a choice for surgery than a necessity.

Commissioner Lucibello moved that Mr. Kearney and Dr. Fitzgerald get together and write up all the Rule changes to be made and bring them before the Rules Committee for discussion and approval.

c. Each Board member received a copy of a letter from Supervisor Nelder asking that two of his Aides be allowed to join the Health Service System at this time. This issue has been discussed with the Board on many occasions and the

8. NEW BUSINESS (Continued)

Board by motion duly seconded and passed has stated that non-Permanent employees who are not presently enrolled in Health Service are no longer eligible to join. The cost to carry temporary employees would be prohibitive and additionally it would be unfair to allow ten or twelve persons to join our System when there are a few thousand temporary employees who have worked for the City for quite a few years and who are still not eligible for membership.

Mr. Kearney also read a letter written by Commissioner Paretchan regarding the subject reiterating the above points and recommending that this group avail themselves of the Kaiser Plan for temporary City employees.

9. EXECUTIVE DIRECTOR'S REPORT. Mr. Kearney reported the following:

a. The System is presently in a bind since the workload has become greater and the staff is decreasing due to retirements. The Claims section secretary retired in April; John Misegades retired June 3rd; and both Mable Poli and Doris Latham will be leaving the Claims section at the end of this month.

With Sign-up this year, it has caused an excess of paperwork and effective July 1st, we will have approximately 5,000 more employees & dependents in Plan I. With this growing membership, it is probable that we may start a night crew.

Beginning this week, our Administrative Assistant, Randall B. Smith has been working over in the Claims section helping the girls by answering the phones. This is giving them a chance to catch up on the backlog without interruptions. Starting next Wednesday, June 22nd through June 30th, the System will be closed for all counter calls and telephone calls. (Except emergencies). Hopefully this will help the Claims section so that they can start the new fiscal year smoothly.

b. Mr. Kearney introduced Mr. Jerry Hill from Children's Hospital. Mr. Hill announced to the Board that effective August 1, 1977 Children's Hospital will have a plan to offer our temporary employees who are presently not eligible for Health Service coverage. The rates presented by Mr. Hill are as follows:

Individual Member - $29.00 per month

Member and Spouse - $56.00 per month

Member and Family - $83.00 per month

Member (Over 65 In Medicare) - $13.00 per month

10. There being no further business to come before the Board, motion was passed by Commissioner Toomey, seconded by Commissioner Lucibello, to adjourn the meeting at 4:53 P.M.

Respectfully submitted,

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR JUNE 14, 1977

MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Benefit for July through May 1977

	Contributions	Claims	Claim Ratio
Active Employees	$1,843,628	$2,027,806	110%
Retired & Resigned	791,453	860,482	109
Adult Dependents	1,252,738	1,298,308	104
Minor Dependents	475,653	607,459	128
TOTAL	$4,363,472	$4,794,055	110%

(2) Experience under Part I - Major Medical for July through May 1977

Active Employees & Dependents	$1,074,298	$1,153,198	107%
Retired & Resigned (No Medicare)	316,393	657,807	208
Retired & Resigned (Medicare)	525,986	586,289	111
TOTAL	$1,916,677	$2,397,294	125%

(3) Experience Under Blue Cross - Plan III

	Premium	Claims	Claim Ratio
July - December, 1976	$1,428,405	$1,359,629	95%
January 1977	212,593	238,966	112
February	226,349	213,899	94
March	218,906	207,263	95
April	282,046	218,306	77
May	213,668	274,090	128
TOTAL	$2,581,967	$2,512,153	97%

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C O P Y

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - JULY 12, 1977 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Barbagelata, John J. — Johnson, F. Walter
Bernstein, Abraham, M.D. — Lucibello, Frank
Hassing, Robert E. — Paretchan, Harry
Toomey, Thomas A.

4. Minutes of Regular Meeting - June 14, 1977, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman Harry Paretchan.

Request from Supervisor Nelder that two temporary employees be admitted as members of the Health Service System.

7. Old Business.

8. New Business.

9. Executive Director's Report.

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - JULY 12, 1977 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Bernstein presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D.
Hassing, Robert E.
Lucibello, Frank
Paretchan, Harry
Toomey, Thomas A.

ABSENT: Barbagelata, John J.
Johnson, F. Walter - excused

4. Motion by Commissioner Toomey, seconded by Commissioner Lucibello, that the Minutes of the Regular Meeting of June 14, 1977 be approved as submitted.

There being no objections, it was SO ORDERED.

5. ACTUARIAL REPORT. Miss Karen Clark from the actuarial firm of Rael & Letson, in the absence of Mr. Juan B. Rael, Jr., submitted the general report with statistical survey for the fiscal year July through June, 1977 attached. She reported the claim ratios for all three categories: 108%, Basic Benefits; 125%, Major Medical; 100% Blue Cross.

6. APPEALS COMMITTEE. Chairman Harry Paretchan reported that the Appeals Committee had heard the appeal of the two Aides from Supervisor Nelder's office requesting reconsideration of their request for membership in the Health Service System and is recommending that the appeal be denied based on the fact that they are temporary employees and that there are 6,500 temporary employees in the City being denied membership in the Health Service System.

7. OLD BUSINESS. Mr. Kearney, Executive Director, reported that a report was received from California Vision Service for the entire year on the active employees and one-half year on the Retired employees. It was noted that the retired members not in Medicare were combined with the active employees. The retired employees in Medicare, six-month period, showed a black figure of $6,700; the total net figure for all members showed a negative $49,000; $435,000 was forwarded to CVS for the 12-month period; this indicates that they operated at a minimal 11% loss for their first year and they were anticipating between 20-25% loss and to recapture it in the second year. It appears that their recapture time for their present loss will be in less than six months. With the increase from $2.75 to $3.49, the total premium would be $724,000. For the month of June alone, the Retired members in Medicare showed a blue ink figure of $4,537. The Active and the Retired not in Medicare are showing a down trend but the influx of Blue Cross members into Plan I is going to distort that figure somewhat. As a result of negotiations with the President of CVS, he was able to save approximately $61,500.00

Mr. Kearney stated that Mr. John A. O'Donald, President of CVS, had assured him that he would be in attendance at the meeting today, but he was not present.

8. NEW BUSINESS. Mr. Kearney, through the Chair, requested that the President call the Board into an Executive Session to discuss generally the increase volume of work, insufficient work force and the shortage of space in the physical facility.

To questions on how the temporary employees were responding to the Children's Hospital Health Plan and whether the sign-up period was going to be sufficient time for an enrollment period, Mr. Jerry Hill, representative of Children's Hospital responded that many calls had been received but that it was too soon to know and that if necessary an extended sign-up period could be determined on August 1st; that brochures are being distributed through the payroll clerks to the temporary employees.

9. EXECUTIVE DIRECTOR'S REPORT: Mr. Kearney reported the following:

a. As of Monday, July 11, 1977, there were 888 basic benefits claims and in excess of 1,300 major medical claims unprocessed; the claims section was 13 or 14 days behind in the major medical processing plus adding a five-week delay period in forwarding claims to Phoenix Mutual for their processing and payment.

b. The four retirements in the last 60 days and the transfer of a 1474, Claims Processor on August 2nd are causing a great burden on the staff.

c. As a result of the termination of the Blue Cross Plan, 5,100 members transferred to Plan I; that Kaiser and Plan I are very close; the total figure including the exemptee and the retirees, is 33,754; the total number being provided medical services is in excess of 70,000.

Mr. John Harrington a former staff member of the Health Service System who has retired, was introduced. He will be representing the retired members along with Mrs. Steinbeck.

10. There being no further business to come before the Board, it was moved by Commissioner Paretchan and seconded by Commissioner Lucibello, to adjourn the meeting at 4:35 P.M.

Respectfully submitted,

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR JULY 12, 1977

MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Benefit for July through June 1977

	CONTRIBUTIONS	CLAIMS	CLAIM RATIO
Active Employees	$ 1,978,316	$2,158,353	109%
Retired & Resigned	861,509	914,486	106
Adult Dependents	1,361,435	1,390,312	102
Minor Dependents	516,925	648,365	125
TOTAL	$ 4,718,185	$5,111,516	108%

(2) Experience under Part I - Major Medical for July through June 1977

Active Employees & Dependents	$ 1,167,164	$1,247,212	107%
Retired & Resigned (No Medicare)	344,020	707,343	206
Retired & Resigned (Medicare)	569,879	645,593	113
TOTAL	$ 2,081,063	$2,600,148	125

(3) Experience Under Blue Cross - Plan III

	PREMIUM	CLAIMS	CLAIM RATIO
July - December, 1976	$1,428,405	$1,359,629	95%
January 1977	212,593	238,966	112
February	226,349	213,899	94
March	218,906	207,263	95
April	282,046	218,306	77
May	213,668	274,090	128
June	210,055	283,455	135
TOTAL	$2,792,022	$2,795,608	100

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - AUGUST 9, 1977 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Barbagelata, John J. — Johnson, F. Walter
Bernstein, Abraham, M.D. — Lucibello, Frank
Hassing, Robert E. — Paretchan, Harry
Toomey, Thomas A.

4. Minutes of Regular Meeting - July 12, 1977, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman Harry Paretchan.

Charles R. Morell - HSS 22219 - requesting hospital bill be paid.

7. Old Business.

8. New Business.

9. Executive Director's Report.

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'C'

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - AUGUST 9, 1977 - 4:00 P.M.

1. The Regular Meeting of the Health Service Board was called to order at 4:00 P.M. with President Bernstein presiding.

2. Pledge of Allegiance.

3. Roll Call:

PRESENT: Bernstein, Abraham, M.D. Lucibello, Frank
Hassing, Robert E. Toomey, Thomas A.
Johnson, F. Walter

ABSENT: Barbagelata, John J.
Paretchan, Harry - excused

4. Motion by Commissioner Toomey, seconded by Commissioner Lucibello, that the Minutes of the Regular Meeting of July 12, 1977 be approved as submitted.

There being no objections, it was SO ORDERED.

5. ACTUARIAL REPORT. Mr. Mike Clark from the actuarial firm of Rael & Letson, in the absence of Mr. Juan B. Rael, Jr., submitted the general report with statistical survey for the month of July 1977, attached. He reported that the claim ratios for both the basic benefits and major medical were obviously low because of the influx of new people into Plan I; incurred but not yet billed claims of new members; and the backlog of claims on hand.

6. APPEALS REPORT. Commissioner Toomey, in the absence of Chairman Harry Paretchan, reported that the Committee had heard the case of Charles R. Morell, HSS 22219, requesting that his hospital bill be paid; since there was complication involved, it was referred to Mr. Philip Kearney, Executive Director, to negotiate payment with the hospital and to report back to the Board how the case was resolved.

7. OLD BUSINESS. Mr. Kearney reported that the Charter amendment for the dental plan had been prepared and that Health Service had much influence in its preparation; the composite rate arrived at, $7.99 per month per employee, after computing figures from the ten most populous counties, was almost unanimously approved by the Board of Supervisors; the actuarial survey includes the Active, Retired, Fire and Police and the Controller reports a cost of approximately $2,600,000. The dental plan would exclude the S.F.U.S.D. and Community College District and all groups who are presently being covered by a dental plan. To the question whether there would be a plan ready to review should the Charter amendment pass, Mr. Kearney answered that there would be no problem as the dental plan would not become effective until July 1, 1978.

8. NEW BUSINESS.

a. To Commissioner Lucibello's inquiry regarding the status of the Children's Hospital Plan for temporary employees, Mr. Kearney stated that Mr. Jerry Hill, Children's Hospital representative, was very happy to report that 210 members were enrolled in their plan for temporary employees.

b. President Bernstein reported that he had met with S.F. Medical Society representatives to discuss a new medical plan. If it proves favorable, a plan will be forthcoming to be reviewed by the Rate Committee of the Board.

9. EXECUTIVE DIRECTOR'S REPORT. Mr. Kearney reported the following:

a. That Blue Shield had expressed interest in introducing a new plan; that he informed them to prepare it at a premium range between what Plan I is now and what Blue Cross would have been on July 1, 1977 and to have it ready for Mr. Rael's and his review by September 1 so that it could be presented to the Board for approval. They would be ready to secure the necessary signatures before approval of the plan so that a signup could be held in January.

b. Attention was brought to the report submitted by Phoenix Mutual relative to certian claims paid to seven employees. The report was submitted to show amounts being paid to individuals in Major Medical. He cited two cases where he knew that Phoenix Mutual had paid substantially more than the amounts listed in the seven cases presented.

c. That Mr. Roger Valine, California Vision Service representative submitted a report on their experience since inception of plan; that he and Mr. Randall Smith, Administrative Assistant, would review the report and a report to the Board would be submitted on the operation of the vision plan.

10. There being no further business to come before the Board, motion was made by Commissioner Lucibello, seconded by Commissioner Toomey, to adjourn the meeting at 4:17 P.M.

Respectfully submitted,

Philip J. Kearney

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR AUGUST 9, 1977

MEETING OF THE HEALTH SERVICE BOARD

(1) Experience under Plan I - Benefit for July 1977

	CONTRIBUTIONS	CLAIMS	CLAIM RATIO
Active Employees	$ 274,130	$ 98,381	49%
Retired & Resigned	97,803	43,369	44
Adult Dependents	132,588	85,846	65
Minor Dependents	55,720	40,322	72
TOTAL	$ 560,241	$267,918	48%

(2) Experience under Part I - Major Medical for July 1977

Active Employees & Dependents	$ 154,785	$ 55,686	36%
Retired & Resigned (No Medicare)	47,320	34,780	75
Retired & Resigned (Medicare)	78,052	41,825	54
TOTAL	$ 280,157	$132,291	47%

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REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
450 MC ALLISTER STREET, ROOM 605, SAN FRANCISCO, CALIF.

TUESDAY - SEPTEMBER 13, 1977 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Barbagelata, John J. — Johnson, F. Walter
Bernstein, Abraham, M.D. — Lucibello, Frank
Hassing, Robert E. — Paretchan, Harry
Toomey, Thomas A.

4. Minutes of Regular Meeting - August 9, 1977, submitted for approval.

5. Actuarial Report - Mr. Juan B. Rael, Jr.

6. Appeals Committee - Chairman Harry Paretchan.

   No appeals requested as of date of publication. Appeals will be heard, however, if received subsequent to publication of this Agenda.

7. Old Business.

   a. Vision Care Contract.

   b. Proposed Medical Plan to replace Blue Cross of Northern California.

8. New Business.

   Supplemental Coverage for Kaiser Members.
   1. Psychiatric Coverage.
   2. Hemodialysis Machines in home by Kaiser.

9. Executive Director's Report.

PHILIP J. KEARNEY
EXECUTIVE DIRECTOR

Dist. 'C'

HEALTH SERVICE BOARD

No Agendas or Minutes are available for the remainder of 1977.

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